

***United States Court of Appeals
for the Second Circuit***



**BRIEF FOR
APPELLANT**

ORIGINAL

76-7177

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P/S

United States Court of Appeals
FOR THE SECOND CIRCUIT

RAYMOND ROHAUER and CECIL W. HULL,
Plaintiffs-Appellees,

against

KILLIAM SHOWS, INC., PAUL KILLIAM, EDUCATIONAL
BROADCASTING CORPORATION, and THE BOWERY
SAVINGS BANK,

Defendants,

KILLIAM SHOWS, INC., EDUCATIONAL BROADCASTING
CORPORATION,

Defendants-Appellants.

BRIEF FOR APPELLANTS

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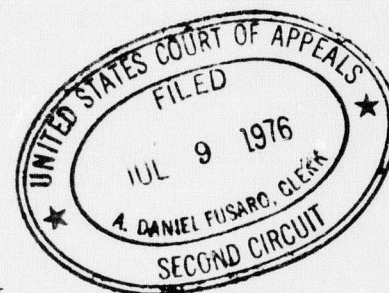


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UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

RAYMOND ROHAUER and CECIL W. HULL,

Plaintiff-Appellee,

against

KILLIAM SHOWS, INC., PAUL KILLIAM, EDUCATIONAL
BROADCASTING CORPORATION, and THE BOWERY
SAVINGS BANK,

Defendants,

KILLIAM SHOWS, INC., EDUCATIONAL BROADCASTING CORPORATION,

Defendants-Appellants.

On Appeal from the United States District Court for the
Southern District of New York

BRIEF FOR APPELLANTS

STATEMENT OF THE ISSUES PRESENTED

I. Did the district court err in concluding that Rohauer had rights in the novel The Sons of the Sheik which were infringed by exhibitions of the motion picture The Son of the Sheik licensed by the motion picture copyright owner?

II. Did the district court err in concluding that Rohauer was not prevented by his past misconduct from recovering against Appellants according to the doctrine of unclean hands?

III. Did the district court err in concluding that Rohauer was not barred from recovering against Appellants under principles of res judicata?

STATEMENT OF THE CASE

Nature of the Case

This case is brought on appeal to the United States Court of Appeals for the Second Circuit from a judgment entered in the United States District Court for the Southern District of New York by District Judge Lawrence Pierce, incorporating an order entered by former District Judge Arnold Bauman, reported at 379 F. Supp. 723 (S.D.N.Y. 1974), and approving the findings of fact and conclusions of law contained in the Report of Magistrate Charles Hartenstine on the issue of damages. The trial judge held that defendant Killiam Shows, Inc. (hereinafter "Killiam"), owner of a valid renewal copyright in the classic motion picture The Son of the Sheik (hereinafter "the motion picture"), and defendant Educational Broadcasting Corp. (hereinafter "Broadcasting"), had infringed the renewal copyright in Edith Hull's novel The Sons of the Sheik (hereinafter "the novel"), certain rights in which had been assigned to plaintiff Raymond Rohauer (hereinafter "Rohauer"). ^{1/} The Magistrate made findings of fact and concluded that Rohauer was entitled to recover damages from defendants Killiam and Broadcasting. Judgment approving the Magistrate's Report was thereafter entered.

The central question presented to the trial court in the proceedings below was whether Rohauer's rights in the renewal term of copyright in the novel were infringed by the performance

^{1/} Plaintiff Rohauer's assignor, Cecil Winstanley Hull, was also a party plaintiff, although it is undisputed that she had no direct interest in the litigation.

of the motion picture, which had been produced and independently copyrighted pursuant to a license from the author of the novel. Killiam and Broadcasting (hereinafter "Appellants") contended that Rohauer, as assignee of certain rights of the author's surviving heir who had obtained a renewal copyright in the novel, was not entitled to enjoin the performance of a motion picture which had been independently created and copyrighted pursuant to a license from the author intended to grant motion picture rights which would not thereafter be subject to any rights in the novel.

Appellants also asserted at trial the affirmative defense that Rohauer, who had on numerous occasions been responsible for performances of the motion picture in clear violation of Killiam's valid renewal copyright in the motion picture, was barred according to the doctrine of unclean hands from bringing this action. The trial court dismissed Killiam's contention that Rohauer's infringing activities deprived him of the right to obtain money damages and equitable relief from Appellants.

Appellants further claimed that the entry of a judgment dismissing a complaint instituted by Rohauer in the United States District Court for the Southern District of Iowa, based on the same issue of copyright infringement presented in this matter, was res judicata as to Rohauer's cause of action here. The district court in Iowa dismissed Rohauer's complaint with prejudice under Rule 37(d) of the Federal Rules of Civil Procedure, and the dismissal was summarily affirmed by the United States Court of Appeals for the Eighth Circuit. The trial court held that Rohauer was not barred from relief by virtue of the dismissal of his complaint in Iowa.

Appellants cite as error and appeal from the following actions of the district court: 1) the court's determination that Rohauer's rights in the novel were infringed by performance of the motion picture; 2) the court's failure to determine that Rohauer was barred from obtaining relief against Appellants because of Rohauer's unclean hands; and 3) the court's failure to determine that the dismissal of Rohauer's complaint in Iowa barred him from obtaining relief according to principles of res judicata.

Statement of Facts 2/

On or about May 15, 1925, a novel entitled The Sons of the Sheik, written by Edith Maude Hull, was published in the United States and duly registered for copyright in the name of her publisher, as evidenced by Certificate of Copyright Registration Class A, No. 855221 (JA 15). Having obtained copyright in the novel by assignment from her publisher, Edith Hull agreed to license all motion picture rights in both the initial and renewal terms of copyright therein to Joseph Moskowitz (JA 17). Pursuant to that license, a motion picture entitled The Son of the Sheik was produced in 1926, starring Rudolph Valentino in

2/ Unless otherwise noted, the facts on which this case arose are set forth in the Stipulation of Facts agreed upon by all parties prior to the trial, and restated in Judge Bauman's opinion pursuant to the trial. Both are reproduced in the Joint Appendix. References to the record of the case below will be indicated by the following symbols:

JA - Joint Appendix

MR - Magistrate's Report

E - Exhibits in evidence but not
contained in Joint Appendix

his last role. ^{3/} Copyright registration in the motion picture was obtained in the name of Feature Productions, Inc., which obtained a Certificate bearing registration Class L, No. 23046. A renewal term of copyright in the motion picture was obtained in 1954 by the then-copyright proprietor, Art Cinema Associates (JA 29). The renewal term was assigned in 1961 to Gregstan Enterprises, Inc. (hereinafter "Gregstan") (JA 31), which in turn assigned in 1968 its interest in the motion picture, including the renewal term of copyright, to Killiam.

Edith Hull died in 1943. Renewal copyright to her novel, which has never been reprinted since first published in the United States in 1925 (MR 9-10), was obtained in 1952 in the name of her daughter, Cecil Hull, her sole surviving child. In 1965, Cecil Hull assigned to Rohauer certain motion picture rights in the novel. Prior to that time, Rohauer had exhibited the motion picture in disregard of the motion picture renewal copyright, as well as any rights of the proprietor of renewal copyright in the novel (JA 12). Rohauer in 1966 notified Paul Killiam, owner of controlling interest in Gregstan and Killiam Shows, Inc., of his claim that exhibitions of the motion picture infringed his interest in the renewal copyright in the novel.

3/ The noted French film historian, Georges Sadoul, said of the motion picture:

This romantic melodrama...was the sequel to Valentine's [sic] earlier romantic success The Sheik. However, unlike most sequels, this one enjoyed a popular success ten times as great as the original...

This often re-released film is a social document on tastes and mores — but of Hollywood during the Golden Twenties, not of the Arabs.

G. Sadoul, Dictionary of Films 349 (P. Morris transl. 1972).

Rohauer continued to make exhibitions of the motion picture available in disregard of Killiam's rights as proprietor of renewal copyright in the motion picture (JA 37-38).

On July 13, October 11, and October 16, 1971, Educational Broadcasting Corporation telecast the motion picture The Son of the Sheik on its station WNET, which operates in the New York metropolitan area. The right to exhibit the motion picture was obtained from Killiam, and the broadcasts were underwritten by a grant from the Bowery Savings Bank. By notice dated July 12, 1971, Rohauer's counsel informed Broadcasting that any performance of the motion picture would infringe rights Rohauer asserted in the renewal copyright in the novel.

On September 22, 1971, Rohauer filed a complaint in the United States District Court for the Southern District of New York, alleging that Killiam, its president Paul Killiam, Broadcasting, and the Bowery Savings Bank had infringed his interest in the renewal copyright in the novel. Cecil Hull, who has since May 30, 1969, been a resident of a nursing home in Great Britain under jurisdiction of the English Court of Protection, had no personal knowledge of the action and was joined only as a nominal plaintiff (JA 114). Defendants answered Rohauer's complaint, denied that the broadcasts in question infringed any rights held by Rohauer, and raised several affirmative defenses, including that of unclean hands based on Rohauer's responsibility for continuous, unauthorized exhibitions of the motion picture prior to the bringing of the suit.

The instant case was tried on November 5 and 7, 1973. The trial court took the matter under consideration. At that

time, a copyright infringement action brought by Rohauer against Killiam and its licensee, the Eastin-Phelan Corp., in which relief was sought based on a claim of copyright infringement identical to that at issue in the trial conducted in the instant case, was proceeding in the United States District Court for the Southern District of Iowa. Killiam had earlier been dismissed as a party defendant there for lack of personal jurisdiction. On February 7, 1974, the district court dismissed Rohauer's complaint for his willful, contemptuous disregard of the orders of that court during discovery (JA 47,52). That dismissal was affirmed by the United States Court of Appeals for the Eighth Circuit on June 12, 1974. Killiam immediately moved that the complaint in this forum be dismissed because of the res judicata effect of the decision in Iowa.

Judge Bauman, in an opinion dated August 8, 1974, determined that the broadcasts in question had infringed Rohauer's interest in the renewal copyright in the novel, that Appellants' affirmative defenses, including that of unclean hands, were insufficient to bar Rohauer from recovery, that the decision in Iowa was not res judicata of Rohauer's cause of action in New York, and that Appellants were jointly liable for the infringing broadcasts. The question of damages was referred to a United States Magistrate, who found in a Report dated November 13, 1975, that Rohauer had failed to prove any damages as a result of the broadcasts in question, that Broadcasting had sustained a loss from its participation in the broadcasts, and that the novel had contributed no more than 5 percent, for a total of \$87.65, to the profits earned by Killiam from those broadcasts. On that basis, the Magistrate concluded that statutory damages in the amount of \$2,250.00 should

be awarded to Rohauer in lieu of actual damages. Judgment enjoining Appellants' use of the motion picture and awarding damages to Rohauer in the amount of \$2,250.00 was entered by Judge Pierce on March 1, 1976. It is from this judgment that Appellants now appeal.

ARGUMENT

- I. THE TRIAL COURT ERRED IN NOT CONCLUDING THAT KILLIAM'S USE OF ITS INDEPENDENTLY COPYRIGHTED "DERIVATIVE" MOTION PICTURE WAS INCAPABLE OF INFRINGING ROHAUER'S INTEREST IN THE RENEWAL COPYRIGHT IN THE "UNDERLYING" NOVEL.

The central question of law which the facts of this case present for decision is one of first impression for the federal courts of appeal, if not for the federal judicial system as a whole. It is whether the so-called "new estate" of copyright renewal, which accrues to the statutory successors of an author who predeceases the expiration of the initial 28-year term of protection in a copyrighted work, includes among its incidents the power to limit, control, or bar the continued use of independently copyrighted derivative works created with the express consent of the initial-term copyright owner during the author's lifetime. Resolution of this question involves an evaluation of two sets of competing rights, each based in the language of the Copyright Act of 1909, 17 U.S.C. § 1, et seq. On the one hand stand the rights of the statutory successor of a deceased author, pursuant to 17 U.S.C. § 24, to enjoy renewal-term copyright protection in the work to which he succeeds, akin

to that afforded the original author during the initial term. ^{4/}
On the other stands the right of the owner to copyright in a
lawfully-created derivative work to exercise exclusive rights
over the use of that work, 17 U.S.C. § 7. ^{5/}

It is submitted that the trial court erred in determining
that Appellants, by exhibiting the motion picture The Son of
the Sheik, infringed any rights claimed by Rohauer as the assignee
of the statutory successor to renewal copyright in the novel The
Sons of the Sheik. No authoritative precedent dictated or required
the result reached by the trial court. Rather, the scope of the
judicially-recognized statutory rights of proprietors of copyright
in derivative works, the history of the "new estate" concept of
copyright renewal, and the purposes of the Copyright Act all
dictate a contrary result. So, too, does recognition of the
deleterious practical consequences -- for proprietors of copyright
and for the public-at-large -- which would flow from permitting

^{4/} 17 U.S.C. § 24 provides, in pertinent part:

That in the case of [a work created by an author and
published during that author's lifetime], the author
of such work, if still living, or the widow, widower,
or children of the author, if the author be not living
...shall be entitled to a renewal and extension of the
copyright in such work for a further term of twenty-
eight years when application for such renewal and
extension shall have been made to the copyright office
and duly registered therein within one year prior to
the expiration of the original term of copyright.

^{5/} 17 U.S.C. § 7 provides, in pertinent part:

Compilations...dramatizations...or other versions of
works in the public domain or of copyrighted works
when produced with the consent of the proprietor of
the copyright in such works...shall be regarded as new
works subject to copyright under the provisions of this
title; but the publication of any such new works shall
not affect the force or validity of any subsisting
copyright upon the matter employed or any part thereof,
or be construed to imply an exclusive right to such
use of the original works, or to secure or extend copy-
right in such original works.

"recapture" of copyrighted independent derivative works by persons other than their lawful copyright owners. Finally, review of the treatment of derivative works under the provisions of the Copyright Revision Bill now pending in the Congress supports a conclusion opposed to that of the trial court.

Appellants submit that the conclusion of the trial court is the product of an erroneous reading of the renewal provisions of the Copyright Act, and of decisions rendered thereunder. When mechanistically construed to grant an unwarranted, completely unlimited "new estate" to statutory successors to renewal copyright, the renewal provisions may, in the words of Justice Benjamin Kaplan of the Massachusetts Supreme Judicial Court:

...operate in a peculiarly perverse way where on the faith of a transfer from the now-deceased author, the transferee has created a "derivative work," say a movie based on the original novel. 6/

By giving proper recognition to the rights of copyright owners in derivative works, as well as those of the owners of renewal copyright, this Court can realize a proper balance between the two. By rejecting the trial court's conclusion, this Court can avoid giving precedential force to a reading of the Act which is "perverse" in the root sense of the word -- anomalous, inequitable, and ultimately destructive of the very purposes which the institution of copyright is designed to further.

In the instant case, Killiam is the owner of renewal copyright in a motion picture produced pursuant to an unrestricted

6/ B. Kaplan, An Unhurried View of Copyright 112 (1967).

grant of motion picture rights from the author of the novel on which the motion picture was, in some degree, "based." ^{7/}

Appellants do not contend that Killiam is entitled to any positive rights in the novel during its renewal term. It is conceded, for example, that no new motion picture based on the novel could be produced today without the authority of the novel's renewal proprietor. See Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373, 377-378 (1960). Appellants contend only that the original consent of the novel's author and copyright owner to the production of the original motion picture -- and the subsequent copyrighting of that motion picture -- entitle Killiam to make continued use of it.

A derivative work copyright obtained pursuant to Section 7 of the Act is only as good as the consent on which it is based. That Edith Hull could have expressly limited or conditioned her consent to the making of a motion picture based on her novel is clear from the case of Sunset Securities Company v. Coward McCann,

^{7/} It is undisputed that Cecil Hull intended to make to the producer of the motion picture an unqualified grant. Thus, the Hull-Moskowitz agreement (JA 17) contains the following provision:

THIRD: The seller agrees prior to the expiration thereof, to renew or procure the renewal of the copyrights in said story and thereupon to assign to the purchaser and the purchaser shall be deemed to be vested with the motion picture rights thereto for such renewal term.

Her death prior to the expiration of the initial term prevented fulfilling this commitment. For this case, the significance of this assignment agreement lies solely in its unequivocal intention to confer on Killiam's predecessor-in-interest rights which would not be cut off by any future occurrence, including the taking of a renewal of copyright in the novel. It was that clear expression of intention which constituted the "consent" which the Copyright Act requires be obtained from proprietors of copyrighted works as a precondition to the copyrighting of new works based upon them. 17 U.S.C. § 7.

47 Cal. 2d 907, 306 P.2d 777 (1957). ^{8/} Indeed, as will be urged below, ^{9/} contractual limitations provide authors a far surer and more equitable means of controlling future uses of derivative works, or obtaining future income from such uses, than does dependence on the unpredictable operation of the renewal provisions of the Copyright Act. But Edith Hull's assignment of motion picture rights was not, in fact, conditioned in any way.

Appellants contend that where the original consent to incorporation of an underlying work into a derivative work was unrestricted in its terms, the enjoyment of copyright in the derivative work should be similarly unrestricted. This freedom from restriction implies a freedom from claims such as those pressed by Rohauer in this case, based on the assertion of a "new estate" of renewal copyright by virtue of statutory succession.

^{8/} In Sunset Securities, the California Supreme Court held that an express reservation contained in a grant of motion picture rights by the proprietor of copyright in an original story could have the effect of cutting off enjoyment of copyright in a subsequently-produced derivative motion picture after ten years. Although the trial court read Sunset Securities as repudiating Appellants' theory of defense (JA 137), it does nothing of the kind; correctly decided on a point of contract law, the case touches neither the status of derivative works created under unrestricted grants, nor the issues surrounding the interpretation of Section 24 of the Copyright Act.

^{9/} See the discussion of copyright reversion as an "incentive" to creativity at pp. 35-39 of this Brief, infra.

A. Valid Copyrights in Derivative "New Works"
Are Independent of Rights in Underlying Works.

It is beyond dispute that when Killiam's predecessor-in-interest created the motion picture The Son of the Sheik, it was of sufficient originality to entitle it to copyright protection under Section 7 of the Copyright Act. See Alfred Bell & Co., Ltd. v. Catalda Fine Arts, Inc., 191 F.2d 99 (2d Cir. 1951). By definition, the use of prose fiction as the basis for a motion picture involves not only the addition of material not present in the underlying work, but also the transmutation of any material "borrowed" from the underlying work. The original creative labors of the producers of motion pictures supply the dramatic construction, the visual effects, and the performances which tell a story or convey a theme in the motion picture medium; however much, or little, the motion picture actually borrowed from the novel in this case, ^{10/} every character, incident, or element of dialogue borrowed was the subject of additional creative efforts which rendered the final product, as a whole, one which was copyrightable by its creators. A motion picture such as The Son of the Sheik is to be distinguished from other new "versions" copyrightable under Section 7 of the Act, which consist of discrete, conceptually or physically separable additions to preexisting works. See, e.g., American Code Co. v. Bensinger, 282 F. 829 (2d Cir. 1922).

It is axiomatic that copyright in a derivative work extends only to the "new matter" which the creator of the derivative work

^{10/} The Magistrate's Report herein suggests that the extent of this borrowing has been as little as 5% of the material making up the motion picture as a whole (MR 9).

has contributed. See Stodart v. Mutual Film Co., 249 F. 507 (S.D.N.Y. 1917), aff'd 249 F. 513 (2d Cir. 1918). In the present case, however, "new matter" is presented in every sequence (and, indeed, in every film "frame") of the motion picture, and no separation of this "new matter" from whatever was borrowed from the underlying work is possible. Thus, the copyright in the motion picture, of which Killiam is the proprietor, entitles its owner to exclusive rights to use and exploit the motion picture as a whole, and not merely to rights in some parts of the motion picture production.

Because continued use of the copyrighted new matter contained in the motion picture necessarily involves use of transformed material protected by the renewal copyright in the underlying novel, a consideration of the rights conferred by a derivative work copyright is in order. The group of cases which stress the "independence" of derivative work copyrights is of particular importance to this inquiry.

Indicative of the "independence" of separately copyrighted derivative works are holdings that, where a derivative work is infringed in a manner which also involves indirect borrowing of the copyrighted substance of the underlying work, only the proprietor of copyright in the derivative work has a right of action against the infringer. Champney v. Haag, 121 F. 944 (C.C.E.D. Pa. 1903); cf. Scholz Homes v. Maddox, 379 F.2d 84 (6th Cir. 1967). Although this rule has been criticized, see Nimmer on Copyright § 42 (1975), its existence indicates judicial recognition that the rights of the owner of a lawfully created and validly copyrighted derivative work are separate and distinct from those of the owner of copyright in the underlying work.

In the one decision which addresses the question of the "independence" of derivative works directly, moreover, this Court held squarely that the ownership of a valid copyright in a derivative work protects against, inter alia, claims of infringement by the owner of copyright in an underlying work. In Edmonds v. Stern, 248 F. 897 (2d Cir. 1918), the work at issue was a separately copyrighted orchestral arrangement, based in part on the melody of a previously-copyrighted song. Originally created with the knowledge and consent of the song's composer by the firm to which he had sold his rights, the arrangement became a source of controversy after the song copyright was assigned back to the composer, who sought to enjoin further use of the arrangement. In holding that such use did not infringe, Judge Hough wrote:

[A]s a matter of law the mere transfer of copyright in the song had no effect whatever on the copyright of the operatic score theretofore taken out. The two things were legally separate, and independent of each other; it makes no difference that such separate and independent existence might to a certain extent have grown out of plaintiff's consent to the incorporation of his melody in the orchestration. When that consent was given, a right of property sprang into existence, not at all affected by the conveyance of any other right. 248 F. at 898.

The statement of the law provided in Edmonds has been criticized, see Nimmer on Copyright § 45.1 (1975). But the criticism, which asserts a conflict between the principle of "independence" established in Edmonds and the equally well-established principle that a derivative work copyright protects only "new matter," is based on illusory grounds. First, Edmonds, like this case, concerns a derivative work -- the orchestral arrangement -- which should be considered to consist entirely

of "new matter," because its creation necessarily entailed a complete artistic transformation of the underlying work. Second, Edmonds does not seek to define the full scope of the derivative work copyright owner's rights vis-a-vis the owner of copyright in the underlying work. Rather, it emphasizes a single legal consequence of the principle of "independence": the freedom of the derivative copyright owner from unreasonable interference by the owner of the underlying work with the publication or performance of the derivative work in its originally copyrighted form. Thus, Edmonds is not in conflict with cases holding that the owner of a valid derivative work copyright cannot unilaterally authorize the making of a "second generation" derivative work based upon it, where that "second generation" version will indirectly incorporate copyrighted elements of an underlying work, see G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469 (2d Cir. 1951). ^{11/} The existence of such holdings means only

^{11/} Lending further support to the view that the owner of a derivative work created and copyrighted with consent should be free to use that work in its original form, even over the later-raised objections of the owner of the underlying work, are the cases which have considered the scope of copyright protection in compilations of public domain materials, such as commercial catalogues, law reports, directories, and other "factual" compilations. One group of these cases goes beyond the obvious conclusion that the "new matter" in a compilation, including the compiler's original concepts of sequencing, is protected; they hold in addition that when a compiler has expended time and effort to collect public domain materials, others may not copy those materials directly from his copyrighted compilation, even if they take nothing more. See Hartfield v. Peterson, 91 F.2d 998 (2d Cir. 1937); Leon v. Pacific Telephone & Telegraph Co., 91 F.2d 484 (9th Cir. 1937); Yale University Press v. Row, Peterson & Co., 40 F.2d 290 (S.D.N.Y. 1930); and, see generally, Gorman, "Copyright Protection for the Collection and Presentation of Facts," 76 Harv. L.Rev. 1529 (1963). These cases recognize that the holder of a derivative work copyright has special rights, not analogous to those of the general public, over material from other sources incorporated into the derivative work.

that the principle of derivative work "independence" is not an unlimited one, and does not legitimate uses of derivative works which are, in effect, unauthorized new borrowings from underlying works. Although the principle of "independence" may be regarded as having been limited by post-Edmonds decisions, there is nothing to indicate that it has been, or should be, repudiated. Rather, it continues to represent a starting point for the balancing of competing rights in fact situations resembling that of the Edmonds case. ^{12/}

In the instant case, it is undisputed that the form of the original consent to the incorporation of elements of the novel The Sons of the Sheik into the motion picture The Son of the Sheik was unconditional and unlimited. It is likewise undisputed that, when the motion picture had been created, it was duly copyrighted. Rohauer insists, however, and the trial court below found, that during the novel's renewal term, the owner of the motion picture copyright should be regarded as though it were a member of the general public seeking to borrow anew from the novel. This finding, it is submitted, runs contrary to the statutory language making copyright protection available for derivative works, and to the cases interpreting the scope of statutory protection actually conferred upon the owners of copyrighted works incorporating elements of other works. Unless some special circumstances requiring the legal conclusion arrived at below can be identified,

^{12/} The Ricordi case, which the trial court erroneously relied upon in its opinion below, is discussed in greater detail at pp. 24-27 of this Brief, infra.

that conclusion represents an unnecessary and unjustified diminution of Killiam's copyright estate in the motion picture. ^{13/}

- B. Existence of a "New Estate" of Renewal Copyright Does Not Confer on the Owner of Renewal Copyright in the Novel The Sons of the Sheik Any Power to Restrict Use of the Motion Picture The Son of the Sheik, Which Was Independently Copyrighted Pursuant to an Unrestricted Authorization from the Author of the Novel.

To a significant degree, the rights of the copyright proprietor to the enjoyment of his copyright in an independently copyrighted derivative work, without interference from the owner of the underlying work copyright, are well recognized. Thus, for example, the owner of the underlying work cannot revoke his unqualified consent to its incorporation into a derivative work during the initial 28-year term of the underlying work copyright. See Edmonds v. Stern, *supra*. Nor can the original author of an underlying work, or his assignee, use the occasion of the renewal of copyright to accomplish such a revocation when the initial permission included rights in the renewal term. See Fred Fisher Music Co., Inc. v. M. Witmark & Sons, 318 U.S. 643 (1943).

^{13/} In this case, the issue of the power which an owner of renewal copyright in an underlying work has to restrict public access to a derivative work is posed as a conflict between two copyright proprietors, holding the novel and the motion picture respectively. The trial court's opinion, however, clearly implies that had the motion picture been in the public domain, its exhibition would nevertheless have been deemed to infringe the renewal copyright of the novel. Thus, the trial court's view of the law restricts not only the enjoyment of copyright protection by the owners of derivative works; it also limits the public's right to enjoy formerly-copyrighted works which are no longer subjects of statutory protection.

Rohauer below argued, and the trial court found, that because the author of the novel had predeceased the expiration of the initial term of copyright in the novel, and renewal copyright therein had been claimed pursuant to Section 24 of the Copyright Act of 1909, by her daughter, there were special circumstances which necessitated a subordination of Killiam's rights in the motion picture to Rohauer's recently obtained rights in the novel. Evaluation of this contention requires an examination of the institution of renewal copyright, and in particular of the authorities which contribute to a definition of the scope of a renewal claimant's "new estate." Appellants contend that neither the terms of Section 24 of the Copyright Act, the applicable precedents, nor any policy of copyright law justifies the judicial expansion of this unique and limited statutory provision for the reversion of rights, formerly assigned under otherwise valid contracts, to an author's statutory successors.

1. The power to invoke "recapture" rights over independently copyrighted derivative works is not a necessary incident of the "new estate" of copyright renewal.

The origins of the "new estate" concept in the "reversionary" renewal provisions of the Copyright Act of 1909, 17 U.S.C. § 24, can be briefly summarized. After a series of debates which contemplated a renewal scheme with no provision for recapture of any rights alienated prior to renewal by the authors of copyrighted works, ^{14/}

^{14/} Prior law, although providing for renewal, made no provision for recapture of alienated rights by authors on the occasion of renewal. See Paige v. Banks, 80 U.S. (13 Wall.) 608 (1872). The tendency of the original debates on the revision of 1909 is described in B. Ringer, "Renewal of Copyright," (General Revision of the Copyright Law, Study No. 31, 1960) [1 Studies on Copyright 503 (Copyright Soc'y of U.S.A. 1963)] at 109, 112-22 [505, 508-518].

the congressional drafters of the present Copyright Act, under pressure from authors' lobbies, enacted the reversionary renewal provisions of Section 24 (then Section 23), in what one recent comment has termed "an historical accident."^{15/} In essence, these provisions were designed to afford the author (or his family) some measure of opportunity at a "second chance" to exploit a work originally sold on terms no longer deemed favorable, by vesting the right to renew most classes of works in the author or his statutory successor, rather than in the proprietor of copyright at the time of renewal. As the history of litigation over Section 24 in the courts makes clear, the Congress failed to specify clearly what the precise content of this opportunity for "recapture" should be. Nevertheless, it is certain that nowhere in the records of the debates surrounding the enactment of the renewal provisions is there any indication of specific congressional intent to provide authors and their successors with a power of recapture extending to separately copyrighted derivative works, as distinct from an opportunity for additional profit from the exploitation of an author's work, in its original form, during the renewal term.

From the outset, litigation over the reversionary provisions of Section 24 has focused on a single question, presented in different guises: To what extent does the author of a copyrighted work, during his lifetime, have the power to make anticipatory arrangements for the disposition of the renewal term, and thus diminish or condition the "new estate" which would otherwise accrue

^{15/} Curtis, "Protecting Authors in Copyright Transfers: Revision Bill § 203 and the Alternatives," in Copyright Law Symposium No. 21 165, 166 (ASCAP 1974).

to himself or his successors? In the early case of Silverman v. Sunrise Pictures, 273 F. 909 (2d Cir. 1921), for example, this court took a firm position limiting the power of authors to provide for passage of the renewal term by testamentary devise. Only if the right to renew had matured at the time of the author's death, it was held, could his executor claim renewal in the absence of a surviving widow, widower, or child; ^{16/} if the author predeceased the expiration of initial-term copyright by more than one year, the right to claim renewal passed to the next-of-kin. This reading of the statute was rejected by the Supreme Court in Fox Film Corp. v. Knowles, 261 U.S. 326 (1923), which held that the executor, as an enumerated statutory successor under Section 24, had unqualified precedence over the next-of-kin. Recognizing that this holding amounted to a qualification of the principle that renewal was an unencumbered "new estate," the Court noted:

The section [24], read as a whole, would suggest to the ordinary reader a general intent to secure the continuance of the copyright after the author's death, and none the less so if the actual continuance was effected by creating a new estate, or if the beneficiaries in certain cases are pointed out. 261 U.S. at 329.

After Knowles, the "new estate" of copyright could no longer be said to be an unqualified one.

By far the most significant limiting judicial interpretation of Section 24 and the "new estate" concept came in the case of Fred Fisher Music Co., Inc. v. M. Witmark & Sons, supra. Although earlier decisions had suggested that the author of a copyrighted work was powerless to convey rights in the renewal term before actually claiming renewal, cf. White-Smith Music Publishing Co. v. Goff, 187 F. 247 (1st Cir. 1911), the Supreme Court held in Fisher that

^{16/} One entitled to claim renewal may do so at any time during the year prior to the expiration of the initial term. Tobani v. Carl Fischer, Inc., 98 F.2d 57 (2d Cir. 1938).

nothing in the legislative history of the Copyright Act clearly required that it be read as barring anticipatory transfers of renewal interests by authors. A rule premised on the principle that authors are "congenitally irresponsible" was rejected, and one which recognized authors' financial interest in an ability to sell what might otherwise "be worthless to [them] when [they] are most in need," as well as their ability to "devis[e] means of safeguarding their interests," 318 U.S. at 657, was erected in its place. With its decision, the Court confirmed that entitlement to the "new estate" of renewal is qualified insofar as an author may, by assignment during the initial term, voluntarily and irrevocably forego the opportunity to enjoy it.

The Court's subsequent decision in Miller Music Co. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960), saw a further refinement in judicial construction of Section 24. Dividing 5-4, the Court held that while an author may assign away his personal interest in renewal rights, he cannot alienate rights to which the statutory successors are entitled by the unequivocal language of Section 24; the dissenters would have reached a similar conclusion, but only as to the "preferred" classes of surviving spouses and children.

Appellants' position is not inconsistent with the decision in Miller. It is not urged that the Hull-Moskowitz assignment remains binding on the author's statutory successor in all its terms; no new motion pictures could be made on the basis of that grant, any more than -- for example -- the novel itself could be issued on the authority of the deceased author's original publishing contract. But because certain rights granted to Moskowitz were exercised, and a motion picture created and copyrighted thereunder, Appellants contend that Cecil Hull's new estate was not an unqualified one and did

not extend to give her assignee rights over that motion picture. Unlike Miller and the other cases just discussed, the instant case does not present a conflict between the interests of authors and their successors, on the one hand, and persons designated by authors -- through assignment or by will -- to enjoy renewal rights in those authors' works, on the other. Rather, it involves a tension between the relative entitlements of two classes of copyright owners: statutory successors to the renewal term in underlying works, and owners of derivative works.

The leading decisions offer no direct guidance as to the appropriate resolution of this tension. Certainly, they do not dictate the result reached by the trial court below. They do indicate, however, a judicial tendency to interpret Section 24 to avoid perverse results reached in the name of paternalistic concern over the improvidence of authors -- and a correlate willingness to exercise flexibility in giving content to the "new estate" of renewal.

2. The cases specifically relied upon by the trial court do not dictate its conclusion.

Chief among the cases cited by the trial court below in explaining its result is the decision of this Court in G. Ricordi v. Paramount Pictures, Inc., 189 F.2d 469 (2d Cir. 1951). But although the Ricordi case does contain general language characterizing renewal copyright as "a new estate....clear of all rights, interests, and licenses granted under the original copyright," ^{17/} the facts

^{17/} 189 F.2d at 471. Not only is this language dictum, going far beyond the statement of any principle of law necessary to decide the issue, but it cites Fitch v. Shubert, 20 F. Supp. 314 (S.D.N.Y. 1937), as its source. Fitch is itself poor authority for deciding the issue before this Court. See discussion at p. 27 of this Brief, infra.

of that case are clearly distinguishable from those presented here. To the extent that any similarity of facts is discernible, moreover, the holding of Ricordi -- as distinct from the dictum just quoted -- is not inconsistent with the position which Appellants urge here.

At issue in Ricordi was the right of the owner of copyright in the opera Madam Butterfly, itself a derivative work, whose limited license from the owner of a copyrighted underlying work (the novel of the same title) had, in effect, expired, ^{18/} to unilaterally authorize the creation of a new -- or second-generation -- derivative work which would have taken elements from the opera and the novel on which it was based. It was held that where such a second-generation work would borrow from the original underlying work, it could not be produced without infringing the underlying work copyright.

In the instant case, the right at issue is that of the owner of a copyrighted derivative work, created under an unlimited license from the author of an underlying work, to make continued use of the derivative work as originally copyrighted, despite the passage of renewal copyright in the underlying work to a statutory successor of the original author. No new or second-generation

^{18/} In construing the agreement between novelist and the opera's composer, the Court said:

If it be assumed that he assigned...any motion picture rights, they were necessarily limited to the term of the copyright, unless the assignment included the right of renewal. It did not; the 1901 agreement included no allusion to renewal of copyright. 189 F.2d at 471.

Thus, with the novelist's renewal of copyright, any power the opera's creator may have had to use the novel's substance in the motion picture format was at an end, as a matter of contractual interpretation. For the principles governing interpretation of copyright assignments generally, see Marks Music Corp. v. Charles K. Harris Music Publishing Co., 255 F. 2d 518 (2d Cir. 1958).

derivative work is involved, and no power to authorize the creation of such works is asserted by Killiam. Even discounting the differences between the "new estate" enjoyed by the author of the underlying novel in Ricordi -- which came into being only because his original grant to the producer of the opera was a limited one, enduring by its own terms until the renewal of copyright -- and the statutory successor's "new estate" involved in the instant case, no parallel exists between the facts here and those in Ricordi. To assert that the trial court's conclusion below was dictated by Ricordi is to assert, by necessary implication, that on the facts of Ricordi the owner of the opera Madam Butterfly was barred from performing that work, as well as from permitting the making of a motion picture based upon it. But Ricordi does not so hold, although some commentators on Ricordi have gone so far as to state -- erroneously -- that it can be read as so suggesting. ^{19/}

^{19/} For one comment which does so state, see Curtis, "Protecting Authors in Copyright Transfers: Revision Bill § 203 and the Alternatives," in Copyright Law Symposium No. 21 165, 178 n. 50 (ASCAP 1974). But see Engel, "Importation and Protection of Works of American Authors Manufactured Abroad via the U.C.C. Exemption from Formalities: How Now Sacred Cow?", [hereinafter cited as "Engel"] 12 Bull. Copy. Soc'y 87, 119-20 n. 126 (1964).

[T]he "Madam Butterfly" case did not hold that the proprietor of copyright in the new work was precluded from making copies of or permitting public performances of the opera, but merely held that he could not make general use of the protected underlying material for the creation of a motion picture, itself a new work based upon the underlying copyright which he no longer had authorization to use. This should be apparent from the following language which appears in that opinion: "...[T]he expiration of Long's copyright of the novel did not affect the plaintiff's copyright of so much of the opera as was a 'new work' and entitled to be independently copyrighted as such...." 189 F.2d at 471.

"So much of the judgment as declares that the plaintiff is 'the rightful owner and sole proprietor of the valid renewal copyright in the Opera entitled Madam Butterfly and of all rights and interests therein including the

(cont.)

Ricordi, then, has little, if any, bearing on the instant case. The major propositions for which it can be cited are important but non-controversial ones. Its conclusion, barring unlicensed secondary reexploitation by copyright owners in derivative works, is equitable and sensible. But it offers no guidance when the sword of the "new estate" concept is drawn to cut off the enjoyment of copyright in an already-created, independently copyrighted derivative work.

The other case upon which the trial court placed special reliance in reaching its conclusion is the district court decision in Fitch v. Schubert, 20 F. Supp. 314 (S.D.N.Y. 1937). Unlike Ricordi, Fitch does deal with the rights of the statutory successor to renewal copyright. But in no respect is it dispositive of the instant case.

In Fitch, the issue posed involved the rights of the owner of the renewal copyright in a stage play vis-a-vis a "musical version" of that play. The opinion does not indicate that independent statutory copyright was ever sought or secured for this "musical version," performances of which were initially authorized under a license and royalty agreement between the owners of the

Footnote 19, continued:

sole and exclusive motion picture rights' is affirmed...."
Id. at 472.

Obviously, the entire opera qualifies as a "new work" and the termination of the proprietor's right to use the underlying matter does not in any way interfere with his exploitation of the opera, as such. Moreover, the language of the decision implies that he may even make a motion picture based upon the opera, which would apparently have to be merely a faithful representation of the opera which would not constitute yet another version of the underlying novel.

See Edmonds v. Stern, 248 Fed. 897 (2d Cir. 1918); But cf. Fitch v. Shubert, 20 F. Supp. 314 (S.D.N.Y. 1937).

copyright in the stage play and the producers of the musical. It does disclose, however, that after securing renewal copyright in the original play, the cousin of its author, who had himself predeceased the initial term of copyright, brought suit to enjoin the staging of a new production of the musical.

The injunction was denied in the district court, on the ground that the renewal owner of the stage play had, in effect, reconfirmed and re-executed the original license to the producers of the musical. Thus, the court's comments on the renewal owner's right to complain of infringement are, at best, dictum. To the extent that they are in conflict with other, more equitable interpretations of the Copyright Act, as it governs the mutual rights of the owners of underlying and derivative works, the views of the Fitch court, therefore, can and should be disregarded. ^{20/}

Those views need not be repudiated, however, in order to question the result reached by the trial court below in the instant case. An examination of the facts of Fitch gives context to its

^{20/} This is all the more true because, in formulating the dictum that the renewal claimant acquired a new and independent right of copyright free and clear of any rights, interests, and licenses attached to the copyright for the initial term, the district court in Fitch relied exclusively upon the case of Silverman v. Sunrise Pictures, 273 F. 909 (2d Cir. 1921). Not only was Silverman a case which addressed no questions having to do with the quantum of rights to which a properly qualified renewal copyright claimant is entitled, being concerned instead with questions of standing to claim renewal, but it is also a decision which took an excessively restrictive view of the author's power to bequeath the renewal right, which was subsequently rejected, in substance, by the U.S. Supreme Court in Fox Film Corp. v. Knowles, 261 U.S. 326 (1923). See the discussion at p. 22 of this Brief, supra. Silverman, as interpreted in the dictum of Fitch, is thus a questionable source of authoritative judicial comment on the incidents of the "new estate" of copyright renewal.

general language. It demonstrates that that case does not stand for the proposition that a claimant of renewal copyright in an underlying work is entitled to recapture an independently copyrighted derivative work originally created under an unlimited consent from the author and initial-term copyright proprietor of the underlying work.

The instant case involves efforts to bar or limit the continued exhibition and use of a motion picture which was already in existence when renewal copyright was claimed in the novel on which it was based. Fitch, by contrast, was concerned with an attempt to enjoin a new production of a "musical version" of a stage play. Whether Fitch in fact involved a derivative work is open to serious question; if it did, moreover, it was necessarily a second-generation derivative work, which was to be created after the vesting of renewal copyright in the underlying work.

In Fitch, creation of the musical entailed merely the addition of songs (music and lyrics) to the existing dramatic text, ^{21/} rather than any thorough-going transformation of material borrowed from the play, such as occurs when a motion picture is produced from a novel. Thus, the staging of the musical at issue in Fitch may be best understood as a mere performance of the original stage play, with discrete additions, and not as the creation or exhibition of a derivative work. ^{22/} Appellants do not dispute, of course,

^{21/} 20 F. Supp. at 314.

^{22/} The apparent failure to seek copyright protection for the musical may indicate, among other things, a recognition on the part of its producers that it contained no variation on the stage play sufficient to render it copyrightable. See Caliga v. Inter Ocean Newspaper Co., 215 U.S. 182 (1909); Shapiro Bernstein & Co. v. Jerry Vogel Music Co., 73 F. Supp. 165 (S.D.N.Y. 1947). And if the musical could not be copyrighted as a derivative work, the proposed new production of it can be conceptualized only as a plan to perform the stage play upon which the musical was based.

that the right to license stage performances of a dramatic work is among the statutorily enumerated rights of the owner of copy-right in a dramatic work, 17 U.S.C. § 1(d), or that this right is one which the statutory successor to renewal copyright should enjoy without qualification as an incident of his "new estate."

Alternatively, if the musical is understood as a derivative work distinct from the original stage play, the mounting of a new production of the musical must necessarily have involved changes from the format in which it had been presented before the intervening renewal claim: new players and musicians, at the least, and in all probability also new stagings, new costumes and settings, and other creative additions. The proposed new production considered in Fitch cannot be understood as the continued use -- in its original form -- of an existing derivative work. By contrast, use of the motion picture The Son of the Sheik, which exists today in the same form as it had when copyrighted in 1926, is exactly that. ^{23/} Appellants do not dispute the rights of renewal copyright owners to exercise control over the making of new or second-generation derivative works based on their intellectual property, for which the decision in Ricordi stands. If the dictum of Fitch is given any weight, it should be read only as setting forth this non-controversial proposition -- or as restating the right of statutory successors to renewal copyright in dramatic works to license performances. It does not illuminate the special issues posed as matters of the first impression in the instant case.

23/ Prints of The Son of the Sheik formerly made available by Killiam for exhibition reproduce the images and "inter-titles" of the 1926 original exactly.

In reaching its conclusion, the trial court also cited the writings of several commentators who have addressed the issue presented here. Without doubt, Bricker ^{24/} and Nimmer ^{25/} do state a view of the relative rights of copyright holders in underlying and derivative works which is diametrically opposed to that urged by Appellants here. The quality of the authority upon which they do so, however, should be noted. In both instances, the comments cited by the trial court are conclusory rather than analytical. The passage from Nimmer's treatise excerpted at length in the trial court's opinion is bolstered by three notes to other sections of that treatise, and one citing two cases which bear only on the secondary question of whether mere exhibition of a motion picture can ever infringe a nondramatic literary work; in essence, Nimmer's conclusion is derived from his readings of Ricordi and Fitch, and from nothing more. Bricker's comment on the issue posed by the instant case, at page 43 of his article, is completely devoid of citations to supporting authority. The validity of these comments as authority, then, must turn on their internal logic. And that logic, like the reasoning of the trial court below, is incomplete. Indeed, other commentators have reached opposed or differing conclusions. ^{26/} The conclusions of the

^{24/} "Renewal and Extension of Copyright," 29 So. Cal. L.Rev. 23, 27-43 (1955).

^{25/} Nimmer on Copyright, §§ 117.3, 118 (1975).

^{26/} See, e.g., Engel, note 19, supra, at 119 n. 126.

Another student of renewal copyright, Barbara Ringer, has noted that several decisions of this Court cast doubt on the statutory successor's power to recapture independently copyrighted derivative works:

[I]n two fairly recent cases between the same parties, the Court of Appeals for the Second Circuit has reached results opposed to this principle. In both the Melancholy

commentator cited by the trial court are easily reached through extrapolation and elaboration of the "new estate" concept -- if a narrow view is taken and only the rights of renewal copyright claimants are considered. But such a process of reasoning is inadequate to the question presented, which poses a conflict of rights among classes of copyright owners, and thus requires examination from the point of view of each, as well as from the perspective of public policy.

Footnote 26, continued:

Baby and Twelfth Street Rag cases the court held that, despite the lack of any collaboration, the product of adding new words to old music constituted "joint authorship" rather than a "composite work"; therefore the owner of copyright in this "joint work" was entitled to continue using the music without any license from the owner of copyright in the music.

"Renewal of Copyright" (General Revision of Copyright Law, Study No. 31, 1960) [1 Studies on Copyright 503 (Copyright Soc'y of U.S.A. 1963)] at 170 [566] (citations omitted).

Ms. Ringer, it should be noted, is a critic of these decisions -- Shapiro, Bernstein & Co. v. Jerry Vogel Music, Inc., 161 F.2d 406 (2d Cir. 1946), cert. denied, 331 U.S. 820 (1947), and Shapiro, Bernstein & Co. v. Jerry Vogel Music, Inc., 221 F.2d 569 (2d Cir.), modified, 223 F.2d 252 (2d Cir. 1955). And Appellants do not rely directly upon them for support. They serve to illustrate, however, that the content of the statutory successor's "new estate" is by no means absolute, and that judicial implementation of that concept has often been tempered by a consideration of competing equities. As Ms. Ringer has stated, the "hackneyed phrase, the new owner takes the renewal 'free and clear of all rights and interests and licenses...' [masks] several difficult problems." Id. at 168 [564].

C. The Holding of the Trial Court is in Conflict with the Essential Public Purposes of the Scheme of Statutory Copyright Protection.

The constitutional authorization for the enactment of federal copyright legislation confers on the Congress the "Power...to promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries," U.S. Const., Art. I, § 8. When a construction of the Copyright Act of 1909, 17 U.S.C. § 1, et seq., multiplies unnecessarily the number of persons with authority to control use of copyrighted works, it would appear to contravene this statement of purpose by tending to deny to the public that access to the fruits of creativity which copyright is designed to "promote."

In the instant case, the trial court has arrived at a reading of Section 24 of the Copyright Act which, in effect, confers on persons with no direct interest in a copyrighted motion picture the power to exercise an absolute veto over its availability to the public. ^{27/} This Court found the possibility

27/ In rejecting Killiam's claim to "fair use," which is not urged again on this Appeal, the trial court found that there was no "significant" public interest in "the dissemination of The Son of the Sheik." (JA 149) Because at least the possibility of such public interest in this motion picture is essential to any argument that unnecessary restrictions on its exhibition contravene public policy, the trial court's venture into criticism requires some attention. The court was apparently not denying the historic interest of the motion picture, or commenting directly on its artistic merits. Rather, it appears to have concluded that, merely because it is a work of entertainment, the measure of public interest in access to it is somehow reduced. The statement of Justice Holmes in Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 251-52 (1903), is an express caution against such analysis:

It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits. At the one extreme some works of genius

of such a result unacceptable, from the standpoint of public policy, in Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150 (1968). At issue was whether an assignment of motion picture rights in a musical play should be considered to embrace the right to televise any motion picture actually produced. The decision took a broad view of the meaning of the assignment at issue, and thus a restrictive view of the retained rights of the plaintiff, who had sought to enjoin the televising of the motion picture Maytime without special consent from him. Judge Friendly wrote:

Footnote 27, continued:

would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke. It may be more than doubted, for instance, whether the etchings of Goya or the paintings of Manet would have been sure of protection when seen for the first time. At the other end, copyright would be denied to pictures which appealed to a public less educated than the judge. Yet if they command the interest of any public, they have a commercial value — it would be bold to say that they have not an aesthetic and educational value — and the taste of any public is not to be treated with contempt.

And in another context, the Supreme Court has recently again repudiated judicial reasoning of this sort:

The line between the transmission of ideas and mere entertainment is much too elusive for this Court to draw, if indeed such a line can be drawn at all. Stanley v. Georgia, 394 U.S. 557, 566 (1968).

Although it may be relevant to note that the alleged infringing use complained of by the plaintiffs herein was a public television broadcast in a series devoted to classic silent films (JA 9), no special claims for the artistic or historical qualities of the motion picture involved here need be made to support an argument that access to it should not be unnecessarily encumbered; finally, the public alone is the arbiter of what intellectual creations give pleasure, information, or other subjective rewards to their consumers.

A further reason for favoring the broader view in a case like this is that it provides a single person who can make the copyrighted work available to the public over the penumbral medium [i.e., television], whereas the narrower one involves the risk that a deadlock between the grantor and grantee might prevent the work's being shown over the new medium at all. 391 F.2d at 155.

In the instant case, of course, the trial court's interpretation of Section 24, which confers a veto power over uses of the motion picture The Son of the Sheik on Rohauer, promises to create a deadlock of the sort referred to in Bartsch as to all uses of the motion picture in all media. By contrast, if Appellants' view of the meaning of Section 24 is adopted, public access to the motion picture will be promoted. The motion picture copyright owner will have both authority to exhibit the motion picture, and a clear self-interest in accomplishing the widest possible dissemination.

An analysis of a copyright problem must take into account factors other than the public interest in access to the products of artistic creativity. But the conferring of benefits on authors, let alone on their successors, must subserve the ultimate interests of the public. ^{28/} As the U.S. Supreme Court has recently noted:

^{28/} The scheme of copyright protection envisions rewards to authors only as incentives for artistic creation, and the availability of some form of "new estate" in renewal should be seen as part of this scheme.

Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and other arts. The immediate effect of our copyright law is to secure a fair return for an "author's" creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good. Twentieth Century Music v. Aiken 422 U.S. 151, 156 (1975).

Thus, the correctness of the trial court's conclusion must be tested by the effects on incentives to creativity produced by its interpretation of Section 24, which allows the statutory successor to renewal in an underlying work the power of control over independently created and copyrighted derivative works. If such an interpretation could be shown, for example, to promise some real increase in the incentive to produce original works, without working a disincentive on the creation of new, copyrightable derivative works, the trial court's view might be justified, even in the face of the restrictions on public access which it implies. This, however, is not the case.

In fact, the trial court interpretation of Section 24 is a patent disincentive to the creation of derivative works, but offers no clear encouragement to authorship generally. By introducing an irreducible element of uncertainty as to the future value of copyright ownership in derivative works, ^{29/} "new estate"

^{29/} Even the most cautious producers of derivative works cannot, under the view of the renewal provisions adopted by the trial court, protect themselves from the risk of recapture by statutory claimants. Bricker has described this dilemma in general terms:

There is no way the purchaser can assure himself of obtaining the renewal term prior to its vesting. He can merely increase his chances by buying the renewal expectancy of the widow, children and relatives. Not only may the cost be prohibitive, but there is always the possibility of the author's remarrying or of additional children so that the purchaser may find himself a joint owner of the renewal term.

"Renewal & Extension of Copyright," 29 So. Cal. L.Rev. 20, 33 (1955).

recapture by the renewal proprietors of underlying works will inevitably tend to reduce the number and variety of the works from other media which are selected for screen adaptation. Even more critically, it will tend to influence the selection of works chosen for adaptation -- away from more adventurous choices, which may recoup the expenses of the adaptation, if at all, only in the longer term, and toward works which can be depended upon to provide a rapid, certain return. In no sense, then, can the trial court's reading of the statute be said to promote the making of derivative works.

Not only will the trial court's holding tend to discourage the making of derivative works, but it will also operate to reduce the likelihood that older derivative works will be made available to the public by their copyright owners. By imposing on proprietors of copyright in derivative works the cost of searching the record to determine whether, when, and under what circumstances the authors of underlying works have died, as well as the potential additional burden of tracing their statutory successors (who, in turn, may have died, disappeared, or sold their copyright interests), the trial court is, in effect, creating new disincentives to the continued dissemination of derivative works which are of marginal economic value to their copyright owners, but may nevertheless possess particular historical or artistic importance.

Is the trial court's interpretation, then, likely to increase the creation of copyrightable works, such as novels, by instilling in authors an expectation that their consent to the incorporation of their works into derivative works might be undone by the event

of their early demise, and the power of consent recaptured by their widows, children, or next-of-kin? ^{30/} Neither psychological nor economic analysis supports an affirmative answer. As Professor Breyer noted in his discussion of policy relating to copyright duration, an "incentive" argument premised on future benefits which are likely to -- or can only -- accrue after an author's death is inherently unconvincing, because it must:

...rest primarily upon the case of the "child-caring father" -- the man who writes in part to provide a patrimony for his children. It is of course, conceivable that some prospective Miltons have given up writing, after learning that Milton's daughter was destitute, but it is most unlikely. More probably authors, like others, discount the value of future income, and, when discounted, the present value of a future copyright advantage is small. ^{31/}

^{30/} That such calculations will have any influence on authors' productivity assumes, of course, their inability to provide favorably for themselves -- and their successors -- by contractual arrangement. See the discussion of Sunset Securities v. Coward-McCann, at note 8, supra. In fact, it would be unrealistic to fail to note that as the legal sophistication and bargaining power of authors increase, the need for special statutory incentives, by way of "new estates" of renewal or otherwise, becomes less significant. As the U.S. Supreme Court has noted, in interpreting the renewal provisions of the Copyright Act, "we [cannot] be unmindful that authors themselves have devised means of safeguarding their interests." Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643, 657 (1946).

Through contract negotiations, those authors who desire to maintain economic interests in derivative works based on their writings can do so. Moreover, they can do so in ways which provide for a more certain return than any reliance on the uncertain operation of Section 24: through renewable option contracts, for example, or contracts calling for percentage payments based on revenues realized through exploitation of derivative works.

^{31/} Breyer, "The Uneasy Case for Copyright: Copyright in Books, Photocopies and Computer Programs," 84 Harv. L.Rev. 281, 325 (1970).

Indeed, an "incentive" argument can be made against the recapture of derivative works by statutory successors to renewal copyright. If the creators of derivative works behave as rational economic men, they will discount the value of any permissions they seek from the authors (and copyright owners) of works which they seek to adapt, in order to take account of the unavoidable risk of recapture through reversion which the trial court's opinion below creates. Thus, the prices paid for motion picture and other adaptation rights in the market place will be generally depressed, and the incentive to create with a view toward the sale of those rights will be attenuated accordingly. And it seems unlikely that the loss of present income to authors which this argument premises will be offset by any expectation that, in 28 years time, persons other than those authors may have an opportunity to strike a lucrative new deal.

Two final, related, considerations in assessing the correctness of the trial court's conclusion are the general policies favoring the strict construction of statutory grants of monopoly power and statutes in derogation of the common law. Without question, copyright is a form of limited economic monopoly, regulated by the Copyright Act. Recognition of a right to recapture control over any class of copyrighted works vested in the owners of copyright in any other class of works amounts to a judicial expansion of that monopoly, which Appellants have argued is not required by the terms of the Copyright Act or by the leading cases which interpret it. The propriety of such an expansion should be considered in light of the familiar principle that judicial repeals of antitrust statutes by implication from regulatory statutes are

"strongly disfavored." United States v. Philadelphia National Bank, 374 U.S. 321, 350 (1963), and see California v. Federal Power Commission, 369 U.S. 482 (1962) (immunity from antitrust laws is not to be lightly implied).

Because the trial court's reading of Section 24 of the Copyright Act does involve an expansion of the rights of statutory successors, the traditional canon of statutory interpretation which suggests that "statutes in derogation of the common law be strictly construed" is also singularly applicable in a review of the decision below. The renewal provisions of the Act, which were apparently enacted to serve a paternalistic purpose long since determined to be lacking contemporary justification, ^{32/} permits statutory successors to treat as void contractual dispositions of copyrights freely entered into by deceased authors. That the circumstances giving rise to such permitted contract nullification, and the rights thereby subject to recapture, are not clearly defined is evident by the history of litigation over this problem. Appellants here contend that both private and public purposes will be best served by an interpretation of this unique statutory provision which interferes less, rather than more, with otherwise valid contractual arrangements, and which declines to sanction an expansion of the rights of the statutory successor at the expense of those who have obtained all necessary authorization and have been responsible for the creation of new, independently copyrighted works.

^{32/} See Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643, 657 (1943).

Although the canon of construction here noted may be of less force in an age when statutory schemes of regulation completely preempt the application of common law, it is still viable when applied to the instant situation. Common law rights are specifically recognized in the present Act, 17 U.S.C. § 2. In addition, the Act has recently been held not to preempt all pre-existing state copyright law. Goldstein v. California, 412 U.S. 546 (1973). ^{33/} And the rule against construing statutes expansively, when to do so would invade contractual rights, has a venerable ancestry and a contemporary vitality. ^{34/} Its teaching, applied to the recapture provisions of Section 24, controverts the construction placed on that provision by the trial court.

Were the giving of new scope to the right of recapture to increase public access to the products of artistic creation, or to serve any other valid public purpose, such an expansion of copyright protection might nevertheless be justified. But in the absence of any arguments tending to show how the trial court's

^{33/} Both these circumstances will be changed upon enactment of the Copyright Revision Bill. See § 301, S.22, 94th Cong., 2d Sess. (1976).

^{34/} See Fletcher v. Peck, 10 U.S. (6 Cranch) 87 (1910). This canon of construction, which is not without general force in modern times, see Robert C. Herd & Co. v. Krawill Machinery Corp., 359 U.S. 297, 304 (1959), still has particular weight when applied to statutes which limit contractual arrangements. A. Sutherland, Statutes and Statutory Construction § 61.06 (4th ed., C. Sands ed. 1974).

conclusion will serve such purposes, and in the face of arguments demonstrating the likelihood that it will, in fact, work at cross-purposes to them, the trial court's broad, non-restrictive approach to the interpretation of Section 24 would appear inappropriate.

Appellants do not contend for any expansion of the rights of copyright owners; regardless of the powers which ownership of renewal copyright may confer on the statutory successors of the authors of underlying works, the owners of copyrighted derivative works have undisputed authority over the availability of those works to the public. Appellants argue only that where a derivative work is already subject to one copyright owner's control, the public interest is ill-served by the interposition of yet another private interest between the work and the public.

D. The Approach of the Proposed Copyright Revision Bill to the Problem of Derivative Works Created Under Later-Terminated Grants Suggests a Fair Method of Balancing of the Interests in Conflict in the Instant Case.

Unlike the Copyright Act of 1909, the Copyright Revision Bill now pending in the Congress ^{35/} contains no provisions for a renewal term of copyright; under the Revision Bill, a single term of the author's life plus 50 years is the measure of the duration of copyright in personally-created works. Concern over the problem of authors being deprived of fair returns from their works by ill-advised and otherwise unremunerative grants made to

^{35/} S. 22, 94th Cong., 2d Sess. (1976), was passed by the Senate on a vote of 97-0 on February 19, 1976. Its House counterpart, H.R. 2223, 94th Cong., 2d Sess. (1976), which contains identical "termination" provisions, is presently being "marked-up" in committee and is expected to be reported to the full House during this session.

others, however, led the drafters to build a version of the "new estate" concept into their legislation. Thus, under Section 203 of the proposed new act, any grant of an author's copyright interest (whether it be a royalty contract with a publisher, or a license of motion picture rights) may be terminated by the author or his designated heirs by the giving of written notice at any time from 35 to 40 years after either (1) the date of publication of the work or (2) the date of the grant, if made prior to publication. ^{36/} Under the scheme of the Revision Bill, moreover, an author may not forego by prior agreement the right to exercise this statutory power of termination. The process of compromise among competing groups (including authors, publishers, and other copyright users) which produced the terms of the Revision Bill has given new life -- albeit in a new form -- to the concept of an author's reversionary "new estate." ^{37/} Under the Revision Bill, the rights of authors' heirs with respect to termination would be similar to those enjoyed by statutory successors to renewal copyright under the present Copyright Act.

A description of the recapture provisions of the Revision Bill is incomplete without reference to its treatment of derivative works. In particular, Section 203(b)(1) provides that:

^{36/} Id., § 203(a)(3).

^{37/} For a general account of the legislative history and proposed design of Section 203, see Curtis, "Protecting Authors in Copyright Transfers: Revision Bill § 203 and the Alternatives," in Copyright Law Symposium No. 21 165 (ASCAP 1974).

A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

Had the present case arisen under the terms of the Revision Bill rather than those of the Copyright Act of 1909, the resolution of the issue would have been a simple matter, rather than a point of dispute: Killiam would have clearly been entitled to continue to exhibit and license exhibition of the motion picture The Son of the Sheik, while a license from Rohauer would have been required for the creation of new motion pictures, including "remakes" of the original, based on the novel The Sons of the Sheik. This result is, of course, identical to that for which Appellants argue under the copyright legislation now in force.

A search of the legislative history of the Revision Bill reveals nothing as to its drafters' views on the relation of Section 203(b)(1) to existing law. In all the voluminous testimony given before the congressional committees considering the Revision Bill, only one witness -- representing an author's organization -- expressed the opinion that proposed Section 203(b)(1) represented a departure from the present state of the law; ^{38/} the other witnesses, the various committees themselves, and the Register of Copyrights are silent on the question. ^{39/} One is

^{38/} Statement of Rex Stout on behalf of the Author's Guild of America, in Copyright Law Revision -- Hearings Before Subcomm. No. 3 of the House Comm. on the Judiciary, 81st Cong., 2d Sess., pt. 1 at 81, 92 (footnote) (1965).

^{39/} See, e.g., House Comm. on the Judiciary, Copyright Law Revision -- Report to Accompany H.R. 2512, 90th Cong., 1st Sess., 90-96 (1967); U.S. Copyright Office, Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill (Copyright Law Revision, pt. 6, Comm. Print 1965).

permitted to infer, therefore, that the drafters intended it as a restatement of existing law governing the recapture of derivative works. Finally, however, the approach to reversion and recapture taken by the drafters of the Revision Bill is persuasive not as an authoritative clarification of established copyright law, but as a reasonable formula for resolving the troublesome issue which is being litigated here, under the Copyright Act of 1909, for the first time.

This Court has previously found the Revision Bill to be a source of useful guidance in deciding cases arising under the present Copyright Act. In Goodis v. United Artists Television, Inc., 425 F.2d 397 (2d Cir. 1970), the issue concerned copyright notice requirements for contributions to periodicals; in adopting the approach of the Revision Bill, which operates against harsh and unnecessary forfeitures of protection, Judge Lumbard noted that:

Our decision today is that the result which the proposed legislation would compel is not precluded in any way by the decisions rendered under the present Copyright Act. As discussed earlier, the "problem" with which the proposed legislation deals is one which exists because of judicial dicta rendered in cases not apposite to the factual situation before us in this case.
425 F.2d at 403.

And contrary to the views expressed by the trial court below (JA 138), the language just quoted from Goodis is accurately descriptive of the instant case.

The rights of statutory successors to renewal copyright in underlying works against proprietors of copyright in independently-created derivative works have not previously been squarely posed for decision. Nevertheless, the definition of these rights

constitutes a problem because of the dictum of Fitch v. Schubert, supra, and because of the sweeping general characterizations of the "new estate" of renewal which have appeared in opinions addressing other aspects of the law of renewal. See, e.g., G. Ricordi v. Paramount Pictures, Inc., supra. The sensible and equitable approach of the Revision Bill is clearly not "precluded" by any of these decisions, since none of these have addressed the fact situation now before this Court. By treating the instant case as one of the first impression, and taking guidance from the Revision Bill in resolving it, this Court has the opportunity to eliminate a long-standing confusion in the copyright law, and to do so in a manner which avoids unfairness to any class of copyright holders and promotes maximum access to works of artistic creativity.

II. THE TRIAL COURT ERRED IN FAILING TO DETERMINE THAT ROHAUER'S COMPLAINT SHOULD HAVE BEEN DISMISSED ACCORDING TO THE EQUITABLE DOCTRINE OF UNCLEAN HANDS BECAUSE OF HIS CONTINUOUS INFRINGEMENTS OF RENEWAL COPYRIGHTS IN BOTH THE NOVEL AND THE MOTION PICTURE.

- A. Rohauer is Guilty of a Continuous Pattern of Conduct of Infringing Both the Renewal Copyright He Now Seeks to Enforce and the Renewal Copyright in the Motion Picture, Exhibitions of Which He Now Claims are in Violation of His Rights.

Appellants contend that the trial court committed reversible error in failing to determine that Rohauer was barred by unclean hands from prevailing in this action. Not only was Rohauer responsible for exhibitions of the motion picture over a period of thirteen years without the consent of the proprietor of renewal copyright in the novel (JA 12), which he now asserts is necessary

in order to legally exhibit the motion picture; ^{40/} more seriously, Rohauer exhibited the motion picture for profit in disregard of the motion picture renewal copyright which was held, from 1961 until the present, by Gregstan and Killiam, both of which were companies principally owned by Paul Killiam. ^{41/} Rohauer stipulated to having been responsible for exhibitions of the motion picture from September 14, 1961, until 1965, in violation of Gregstan's renewal copyright; moreover, evidence at trial indicated that such infringing exhibitions continued to take place up until at least the time of the institution of this action, in violation of the rights of Gregstan and its successor, Killiam.

In depositions conducted prior to trial, Rohauer stated without qualification that he had authorized an organization identified as Fleetwood Films to distribute or rent out the motion picture The Son of the Sheik until the late 1960's (JA 90-91). ^{42/}

^{40/} Appellants do not here concede that Rohauer's cause of action, based on the assertion that his rights in the renewal term of the novel were somehow violated by exhibition of the motion picture under license from its copyright owner, is legally sufficient (see Section I of this Brief, supra). Rather, Appellants contend that, even should this Court find legal merit in Rohauer's assertion of infringement, Rohauer should be denied recovery because of his own egregious conduct in violation of the rights of Killiam and the general public.

^{41/} Gregstan acquired the renewal copyright in the motion picture from Art Cinema Associates, Inc., in 1961 (JA 31). By assignment dated January 3, 1968, these rights were transferred from Gregstan to Killiam (E B). Paul Killiam, named as a defendant by Rohauer in this action, controlled both entities and authorized both these assignments as President of Gregstan and Killiam.

^{42/} This deposition testimony was read into evidence at trial. Rohauer testified that he had provided a 16 millimeter print of the motion picture obtained from one Emil Jensen to Fleetwood Films in 1962 or 1963, and had not withdrawn his authorization to distribute or rent out the motion picture until "Maybe 1968, or 1969, or maybe 1967" (JA 81-82, 90-92).

Although he later recanted this testimony, and claimed at trial that he had been mistaken about having authorized Fleetwood Films and its successor to distribute the motion picture (JA 92), he stipulated at trial that Fleetwood Films and its successor organization, Audio Film Center, had been advertising the motion picture for distribution in their catalogues from 1965 until the time of trial, and that he had taken no action to prevent such distribution (JA 109-10). ^{43/}

This subsequent denial notwithstanding, Rohauer's statements reveal a clear pattern of misconduct. His initial unqualified admissions that he had authorized distribution of the motion picture until long after he was aware that Paul Killiam, through his related companies, owned the motion picture copyright.^{44/} That, and his admitted failure to take steps to prevent distribution of the motion picture by Audio Film Center or its predecessor, which he thought to be distributing the motion picture on the strength of his authorization, constitute convincing evidence that Rohauer was engaged, up to the time of trial, in commercial activities in violation of Killiam's copyright in the motion picture.

^{43/} In deposition testimony read into evidence at trial, Rohauer stated that Fleetwood Films had merged into Audio Film Center (JA 112). Rohauer also testified at trial that he examined the annual catalogue film listings of these companies in order to ascertain which of his properties, including the motion picture, were included (JA 88). He evidently was acting under the belief that the motion picture was being distributed under his authorization.

^{44/} The parties stipulated that Rohauer, through his counsel Paul O'Brien, had notified Paul Killiam by letter dated May 12, 1966, of Rohauer's claim that distribution of the motion picture was in violation of his rights (JA 24). Paul O'Brien was aware of the ownership of the renewal copyright in the motion picture, having represented certain of the parties in the sale of that renewal copyright to Gregstan in 1961 (JA 13). It strains credibility to believe that information was not known to his client, Rohauer.

The probative weight of the evidence initially given by Rohauer, in which he admitted unlicensed use of the motion picture -- despite his subsequent denials -- is enhanced by contradictions he introduced into testimony concerning ownership of film materials in the motion picture, and by his willful failure to cooperate in discovery proceedings in actions commenced by him against Killiam in regard to the motion picture in both this and other jurisdictions.

While Rohauer testified at trial that he had only one 8 millimeter print of the motion picture The Son of the Sheik (JA 81), other evidence produced at trial thoroughly refuted this contention. In testimony given earlier at deposition, which was read into evidence at trial, Rohauer claimed that he had possessed both a silent and a sound 16 millimeter version of the film (JA 82). In addition, documentary evidence at trial indicated that a 35 millimeter print of the film had been delivered to Rohauer at the office of his attorneys in London (JA 46). When questioned about this latter print, Rohauer gave unresponsive answers which did not deny ownership of the 35 millimeter print. ^{45/} The only reasonable inference to be drawn from this testimony is that Rohauer did have 16 millimeter and 35 millimeter prints of the motion picture, that it was one of these which he authorized Fleetwood Films to distribute or rent out in the early 1960's, but that after so testifying in

45/ The document referring to the delivery of the 35 millimeter print was supplied by Rohauer's counsel in the course of discovery. Yet, in response to questions about the 35 millimeter print referred to in the notice of receipt, Rohauer stated: "I don't know whether it [the print] was delivered to them [Rohauer's London attorneys] or not. I have no record of that." (JA 85) The document in question was, of course, one of Rohauer's records.

deposition he attempted to obscure the facts of his violation of Killiam's renewal copyright in the motion picture. 46/

That Rohauer engaged in conduct which should bar him from the relief he sought in this action is further evidenced by his willful failure to respond to discovery requests in the companion case of Rohauer v. Eastin Phelan, Inc., 499 F.2d 120 (8th Cir. 1974), in which he asserted the identical rights against Killiam and its licensee as in the present action. There, Rohauer so offended the United States District Court for the Southern District of Iowa that his complaint was dismissed for "willful refusal to comply with proper orders of the Court." 499 F.2d at 121. 47/ Such behavior, which Magistrate Hartenstine found "not only represents his [Rohauer's] substantial affront to the judicial process, but also reflects adversely his own view of the value of his rights and the need to protect them" (MR at 23), substantiates Appellants' contention that Rohauer should be barred from recovering in this action because of his egregious past disregard of those copyrights which form the subject of this action.

46/ Rohauer's response to examination during depositions is amply evidenced by the contradictions referred to above. His failure to provide forthright responses is further seen in all his deposition testimony read into evidence at trial (JA 69-93).

47/ The decision in that case is further discussed in Section III of this Brief, infra, in which it is alleged that the district court in the instant case committed error in not determining that the judgment in Rohauer v. Eastin-Phelan Corp. is res judicata of Rohauer's cause of action in this forum.

Answering Appellants' contentions below, the trial court commented that the defense of unclean hands had "doubtless been dredged up from the antique maxims of equity," (JA 145) and found Rohauer's behavior "not to have been so egregious as to warrant a dismissal based on the dubious doctrine of unclean hands" (JA 147). In analyzing the facts upon which the defense of unclean hands was based, the trial court not only minimized the impropriety of Rohauer's conduct; more crucially, it mistook the significance of a vital principle of equity jurisprudence, and erred in failing to determine that Rohauer was barred by virtue of unclean hands from prevailing in this case.

B. Rohauer's Conduct Should Bar Him from Prevailing
in the Matter According to Generally Recognized
Standards of Unclean Hands.

A plaintiff in a copyright infringement action, as in any other action to which equitable principles apply, may be barred from obtaining relief by his own past, unlawful conduct with respect to the subject matter of the litigation he has instituted. This was recognized by this Court, which invoked the principle of unclean hands to dismiss a plaintiff's copyright infringement action in the case of T. B. Harms & Francis, Day & Hunter v. Stern, 231 F. 645 (2d Cir. 1916). There, the assignees of a copyrighted song were barred from enforcing that copyright against the defendants because of the inequitable conduct of their assignor, Sigmund Romberg, who had been contractually obligated to assign the copyright at issue to the same defendants. This Court there stated that Romberg's conduct, which was ascribed to his assignees as plaintiffs in the action, constituted "inequity as respects this copyrighted song and the relation of these defendants thereto." 231 F. at 648-49.

The holding in T.B. Harms is entirely consistent with the often-expressed standard that a plaintiff will be barred by unclean hands if his wrongdoing relates directly to the subject matter of the action and causes injury to the defendant raising unclean hands as a defense. Bentley v. Tibbals, 223 F. 247 (2d Cir. 1915); Leo Feist, Inc. v. Young, 138 F.2d 972 (7th Cir. 1943). Rohauer's conduct, as described above, easily satisfies the standards which must be met to justify dismissal of his complaint because of unclean hands. He willfully infringed over an extended period of time the very copyrights which are at issue in this matter, including that in the motion picture owned by Gregstan and Killiam from 1961 until the present. In so doing, he unlawfully invaded the exclusive rights of Killiam and its predecessor Gregstan who, as proprietors of the motion picture copyright, alone had the right to authorize exhibitions of the motion picture. Rohauer now seeks not only to further deprive Killiam of its commercial interest in the film, but to prevent the general public from having access to it as well.

The trial court seemingly miscomprehended proper application of the standards for determining unclean hands. Thus, it held, citing Jacoby-Bender v. Jacques Kreisler Mfg. Corp., 287 F. Supp. 134 (S.D.N.Y. 1968), that unclean hands would be invoked if the defendant was accused of an act "in which [the plaintiff] had participated." (JA 146) This is a complete misreading of that case and other, more authoritative analyses of the elements of unclean hands. Jacoby-Bender, supra, involved the alleged infringement of a design patent. The court held that plaintiff's false marking of its product's country of origin was not sufficiently

related to defendant's act of unauthorized copying to bar plaintiff's cause of action. 287 F. Supp. at 135. In that case, however, plaintiff had not, as had Rohauer here, participated in a continuing course of conduct in violation of the exclusive rights of the defendant, the exercise of which plaintiff was seeking to enjoin as unlawful. Rohauer's wrongdoing, by contrast, does relate directly to the subject matter of his complaint. That subject matter, it must be remembered, consists of the exercise of rights appurtenant to a renewal copyright in a novel, The Sons of the Sheik, and a motion picture, The Son of the Sheik. If Rohauer's conduct has been in direct infringement of either of those rights (and it is virtually uncontested that it has been in violation of both copyrights), then his conduct is sufficiently related to the subject matter of this case to satisfy the first of the two criteria for unclean hands.

A plaintiff's conduct must not only relate to the subject matter of his complaint to warrant a successful unclean hands defense. It must also have caused injury to the defendant. See T.B. Harms, supra; Bentley, supra; Feist, supra. The trial court erroneously held that "there [was] no claim that [Rohauer's] showing of the motion picture harmed the defendants." To the contrary, Rohauer stipulated to unauthorized performances of the motion picture until 1965, the last four years of which renewal copyright in the motion picture was owned by Gregstan, the immediate predecessor in interest of Killiam, both of which were principally owned by Paul Killiam. Moreover, evidence at trial indicated that Rohauer was responsible for continuing, unauthorized exhibitions of the motion picture up until the time he instituted the litigation. For all these exhibitions, Gregstan or Killiam

were entitled to license payments which they did not receive; moreover, these unauthorized exhibitions naturally tended to diminish the demand, both then and now, for access to the motion picture from its present copyright owner, Killiam. The fact that the damage suffered by Killiam is not quantifiable does not vitiate the fact that real damage was done.

That Rohauer's testimony in evidence at trial contains admissions of his own infringement of Killiam's copyright in the motion picture cannot be gainsaid. ^{48/} Admittedly, he did recant that testimony by which he admitted responsibility for unlicensed uses of the motion picture during the period after 1965. However, even in light of these subsequent denials, Rohauer's earlier testimony, in which he admitted authorizing exhibitions in violation of Killiam's rights, should have been considered by the trial court in assessing Killiam's unclean hands defense. ^{49/} Thus, the trial court's determination that "there [was] no claim" of injury to Killiam by virtue of Rohauer's admitted unlawful conduct completely ignored certain material evidence.

It is true that, in accord with Rule 52 of the Federal Rules of Civil Procedure, the findings of fact made by a trial court pursuant to an evaluation of oral testimony are not to be disturbed by a court of appeals unless clearly erroneous. See

^{48/} See discussion of Rohauer's activities at pp. 46-51 of this Brief, supra.

^{49/} In Massa v. C. A. Venezuelan Navigacion, 332 F.2d 779 (2d Cir.), cert. denied, 379 U.S. 914 (1964), this Court restated the applicable evidentiary rule that the trial court is not obligated to credit a witness' testimony which conflicts with his own earlier testimony.

United States v. United States Gypsum Co., 333 U.S. 364, 394-95 (1948). A court is not free, however, to completely ignore the existence of evidence which is relevant to a material fact. Id. at 398-99. Furthermore, when the bulk of relevant evidence is produced in the form of documents and pretrial depositions, providing the trial court with little if any opportunity to evaluate the credibility of witnesses, the conclusions reached from those facts are subject to review by an appellate court with as much latitude to disregard the trial court's findings as if a matter of law were being reviewed. Orvis v. Higgins, 180 F.2d 537 (2d Cir.), cert. denied, 340 U.S. 810 (1950). ^{50/} Evidence produced at trial, which consisted primarily of stipulated facts, documents and depositions of Rohauer read into the trial record, provides ample proof that Killiam suffered serious injury because of Rohauer's willful infringements of the renewal copyright in the motion picture. This satisfies the criteria required to establish a proper unclean hands defense.

The trial court also stated that the unclean hands defense would not be invoked if the plaintiff had abandoned its objectionable practices prior to the commencement of the action (JA 146). In stating this rule, however, the trial court relied on cases which

^{50/} See also Heim v. Universal Pictures, 154 F.2d 480 (2d Cir. 1946) (Clark, concurring). There, Judge Clark, concurring in a decision holding plaintiff's copyright invalid, said that findings based on documents and depositions should not be completely disregarded, but that the trial court's conclusion that defendant had not copied plaintiff's song was to be rejected because the defendant had relied on weak denials of wrongdoings in written testimony and had not produced available witnesses to rebut plaintiff's case. 154 F.2d at 490-91. Thus, Rohauer's failure to call witnesses to rebut charges that he had exhibited the motion picture after 1965, in light of the highly contradictory evidence he gave in depositions on this issue, should be construed against him.

were not applicable to the instant case. In Q-Tips, Inc. v. Johnson & Johnson, 108 F. Supp. 845 (D.N.J. 1952), for example, the district court held that plaintiff's patent had not been infringed. The trial court also responded, in dictum, to the defendants' affirmative defense that plaintiff was barred by unclean hands because its product packages at one time contained notice of an expired patent. The trial court found that the patent markings had been inadvertent, had been halted prior to the commencement of the action at the time plaintiff became aware of its mistake, and had not injured prospective rivals. The court further said that the plaintiff's behavior had been sufficiently innocent that it would not have been barred by unclean hands even if its practices had continued until the commencement of the suit. 108 F. Supp. at 869-70.

The real question in Q-Tips, as in the instant case, was whether plaintiff's conduct was sufficiently egregious, intentional, and harmful to the defendant to deprive it of a cause of action; the concurrence of such misconduct with the institution of the action is only one of many factors bearing on its seriousness. The facts in the instant case show a pattern of serious misconduct by a plaintiff, while the facts in Q-Tips did not.

Here, moreover, there is no evidence, beyond Rohauer's own self-serving renunciation of his earlier inculpatory testimony, that Rohauer in fact abandoned his unlawful practices. Considered in the light most favorable to him, other evidence suggests only that one licensee of his had -- without Rohauer's knowledge -- at some time ceased to distribute the film prints in the motion picture provided by Rohauer (JA 39). As the

Supreme Court held in the case of B.B. Chemical Co. v. Ellis, 314 U.S. 495 (1942), a patentee may institute an infringement action only if:

...it is able to show that it has fully abandoned its present method of restraining competition... and that the consequences of that practice have been fully dissipated. 314 U.S. at 498 (emphasis supplied).

Rohauer has made no such showing, and thus cannot avoid the legal implications of his own wrongdoing.

The Supreme Court has recognized the vitality of unclean hands in cases involving the alleged infringement of rights in intellectual property. In Keystone Drilling Co. v. General Electric Co., 290 U.S. 240 (1933), defendants claimed that plaintiff was barred from enforcing a patent by its attempt to corrupt a witness whose testimony might have invalidated plaintiff's patent in earlier litigation. Plaintiff asserted that any inequitable conduct on its part was insufficiently related to the subject matter of the litigation in question. The district court, accordingly, refused to apply the doctrine. The court of appeals reversed, and the Supreme Court affirmed, stating that courts should apply the maxim of unclean hands:

...for such violations of conscience as in some measure affect the equitable relations between the parties in respect of something brought before the court for adjudication....They apply the maxim, not by way of punishment for extraneous transgressions, but upon considerations that make for the advancement of right and justice. They are not bound by formula or restrained by any limitation that tends to trammel the free and just exercise of discretion. 290 U.S. at 245-46.

And in the case of Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co., 324 U.S. 806 (1944), the Supreme Court barred relief to a plaintiff who had failed to disclose in its

patent application its knowledge of the defendant's fraudulent efforts to obtain a patent on the same device. Although there was obviously no showing that the defendant was injured by plaintiff's cooperation in not disclosing all the facts in its application, the Court nevertheless held that an exclusive grant of rights, intended to promote the public interest, was so much a matter of general concern that plaintiff should be barred from recovery because of its own inequitable conduct:

Moreover, where a suit in equity concerns the public interest as well as the private interests of the litigants this doctrine [unclean hands] assumes even wider and more significant proportions. For if an equity court properly uses the maxim to withhold its assistance in such a case it not only prevents a wrongdoer from enjoying the fruits of his transgression but averts an injury to the public....A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public interest of promoting the "Progress of Science and useful Arts." At the same time a patent is an exception to the general rule against monopolies and to the right to access to a free and open marketThe facts of this case must accordingly be measured by both public and private standards of equity. 324 U.S. at 815-16.

Copyrights, no less than patents, are "affected with a public interest," and the facts of this case must also be "measured by both public and private standards of equity." Rohauer has sought in this litigation to prevent public exhibition of a classic motion picture by its copyright owners; Rohauer himself, however, has exhibited that motion picture for profit, in defiance of the copyright owners' undisputed rights, for an extended period of years. The public interest is not served by permitting any person alternately to flout the copyright laws and to invoke them for private benefit.

Killiam does not ask this Court to invoke the maxim of unclean hands to punish Rohauer for "extraneous transgressions." Rather, Killiam contends that the trial court erred in not concluding that Rohauer, who now seeks to deprive the public of access to the motion picture, should be denied recovery in the present action. Rohauer's misconduct requires invocation of the maxims of equity jurisprudence, which are not so moribund as the trial court believed. ^{51/}

III. THE TRIAL COURT ERRED IN FAILING TO DETERMINE THAT ROHAUER'S COMPLAINT SHOULD HAVE BEEN DISMISSED UNDER THE DOCTRINE OF RES JUDICATA.

Rohauer filed the complaint in the present action on September 21, 1971. He subsequently filed four additional complaints against Killiam or its licensees based on the same allegation made here: that exhibition of the motion picture The Son of the Sheik infringed his interest in the renewal copyright in the novel The Sons of the Sheik. ^{52/}

^{51/} This Court has recently recognized, in a different context than that presented by this litigation, that the egregious nature of a litigant's conduct could bring into play the maxims of equity jurisprudence, see United States ex rel. Schuster v. Vincent, 524 F.2d 153, 160-61 (2d Cir. 1975). See also discussion of significance of unclean hands defense in Neal-Cooper Grain Co. v. Kissinger, 385 F. Supp. 769, 778 (D.D.C. 1974).

^{52/} Actions entitled Rohauer v. American Film Institute, No. 1294-72, and Rohauer v. Post-Newsweek Stations, Inc., No. 260-73, were brought in the United States District Court for the District of Columbia. Killiam successfully intervened in these cases as the owner of renewal copyright in the motion picture and licensor of exhibitions alleged to infringe Rohauer's rights in the novel. Both were dismissed pursuant to compromise agreements. An action entitled Rohauer v. Great Western Savings and Loan, Killiam Shows, Inc., et al., No. 72-1258, is awaiting disposition in the United States District Court for the Central District of California. Finally, the action entitled Rohauer v. Eastin-Phelan Corp., No. 72-25-D, brought in the United States District Court for the Southern District of Iowa, was dismissed for Rohauer's failure to comply with discovery. (S.D. Iowa, Feb. 7, 1974), aff'd, 499 F.2d 120 (8th Cir. 1974).

After the trial of the instant case on November 5 and 7, 1973, but prior to the trial court's decision, judgment was entered in one of these cases, Rohauer v. Eastin-Phelan Corp., No. 72-25-D (S.D. Iowa, Feb. 7, 1974). Rohauer's complaint was dismissed with prejudice under Rule 37(d) of the Federal Rules of Civil Procedure for his failure to cooperate in pre-trial discovery. Recognizing that dismissal with prejudice under this Rule was justified only under extreme circumstances, the Iowa district court there took notice of Rohauer's disregard for the rights of the defendant and found that:

...all the circumstances surrounding this case, including such flagrant disregard of crucial orders of this Court, in addition to constituting contempt of court, justify and demand the imposition of the most severe sanctions permitted under Rule 37. (JA 52)

The United States Court of Appeals for the Eighth Circuit, citing Rohauer's "calculated disdain for rules" and "willful refusal to comply with proper orders of the Court," affirmed the dismissal, 499 F.2d 120, 121 (8th Cir. 1974). Killiam immediately moved that the complaint in the instant case be dismissed on the basis of the Iowa judgment. Appellants here contend that the district court erred in not dismissing Rohauer's complaint under principles of res judicata.

As recognized by the district court, the basic principle of res judicata was stated by the Supreme Court in the case of Lawlor v. National Screen Service Corp., 349 U.S. 322 (1954), as follows:

[U]nder the doctrine of res judicata, a judgment "on the merits" in a prior suit involving the same parties or their privies bars a second suit based on the same cause of action. 349 U.S. at 326.

The district court incorrectly concluded, however, that Appellants had confused the doctrine of res judicata with that of collateral estoppel, and refused to dismiss the action (JA 152-54). Appellants urge again that the judgment in Iowa was "on the merits," the parties there involved were the same or in privity with those in the instant case, and that Rohauer's cause of action in Iowa involved a single issue, identical with the sole issue raised by Rohauer before the trial court in this forum. This is sufficient to make principles of res judicata applicable to bar the instant action.

- A. The Iowa Judgment Dismissing Rohauer's Complaint With Prejudice is a Judgment on the Merits Involving Parties in Privity with Those in the Instant Case.

It is clear that the Iowa judgment was on the merits, and therefore satisfied the first criterion for the applicability of res judicata. This Court has recognized that a dismissal under Rule 37(d) of the Federal Rules of Civil Procedure for failure to respond to discovery is a dismissal under Rule 41(b) of the Federal Rules, "and therefore a judgment on the merits." Nasser v. Isthmian Lines, 331 F.2d 124, 127 (2d Cir. 1964). There, dismissal arising from a plaintiff's failure to respond to written interrogatories properly posed by a defendant in a personal injury case was held to be res judicata of the same claim several years later. This Court affirmed, noting that:

...even if this result were not required by the terms of Rule 41(b), it would seem necessary as a matter of sound judicial discretion. 331 F.2d at 128.

See also Switzer Brothers v. Chicago Cardboard Co., 252 F.2d 407 (7th Cir. 1958) (dismissal for failure to join indispensable parties in federal court in Ohio held to bar later attempt to raise same cause of action in federal court in Michigan).

Nor can it be controverted that the parties to the present action are identical to or in privity with those in the Iowa action. Rohauer and Cecil Hull were co-plaintiffs in Iowa, as they are here, asserting the identical rights in both forums. Killiam, as proprietor of the renewal copyright in the motion picture, licensed the exhibitions about which Rohauer complained here and in Iowa, like those in every other jurisdiction in which such cause of action has been brought. ^{53/} Killiam was a named defendant in the Iowa action until the complaint against it was dismissed for want of personal jurisdiction; thereafter it controlled the defense of its licensee, the Eastin-Phelan Corp., pursuant to an indemnification agreement. ^{54/} It was Killiam's interest, as proprietor of the renewal copyright in the motion picture, which was at issue in both cases. These facts are sufficient to establish the privity of parties necessary to give the Iowa judgment res judicata effect here. See Bigelow v. Old Dominion Copper Mining and Smelting Co., 225 U.S. 111 (1912); Souffront v. Compagnie des Sucreries, 217 U.S. 475 (1910); Switzer Brothers, supra; Jones v. Craig, 212 F.2d 187 (6th Cir. 1954) (copyright infringement action against songwriter barred by dismissal on the merits of prior action for infringement of same copyright against publisher licensed by songwriter to publish

^{53/} See cases cited in note 52, supra.

^{54/} These facts were not in evidence during the trial of the instant case, because at that time judgment dismissing Rohauer's complaint in Iowa had not yet been entered. The trial court here was apprised of them after trial, but prior to rendering its decision, in a Memorandum of Points and Authorities in Support of Killiam's Motion to Dismiss, which is part of the record in this case on appeal.

song). ^{55/} There is no genuine dispute that the Iowa judgment was "on the merits" in a case involving parties the same as or in privity with those in the instant action. Thus, two elements of the test for res judicata are satisfied.

B. The Suit in the Instant Case is Based on the Same Cause of Action Brought by Rohauer in Iowa.

Only one issue was raised by Rohauer in the instant case, and in the Iowa case: whether Rohauer had any rights in the novel The Sons of the Sheik which were infringed by exhibition of the motion picture The Son of the Sheik. In neither forum did Killiam or its licensees deny responsibility for exhibitions of the motion picture. ^{56/} They did contend that Rohauer's interest in the renewal copyright in the novel did not give him the right he claimed to prevent exhibition of the motion picture. ^{57/} Rohauer's complaint in the present matter, accordingly, involved the same cause of action raised by Rohauer in Iowa. The dismissal there should bar Rohauer from recovery here.

^{55/} Cf. Herbert Rosenthal Jewelry Corp. v. Zale Corp., 323 F. Supp. 1234 (S.D.N.Y. 1971), in which it was held that res judicata did not bar action for copyright infringement against defendant who had been under no legal obligation to represent or indemnify one adjudicated an infringer of the same copyright in prior litigation.

^{56/} The occurrence of such exhibitions was stipulated in the present matter (JA 9), and not in dispute in Iowa prior to the dismissal of Rohauer's complaint by the district court.

^{57/} Killiam and its licensees posed affirmative defenses to Rohauer's cause of action both here and in Iowa. The dismissal of Rohauer's complaint on the merits in Iowa effectively mooted these defenses, which were inessential to the judgment and in no way affect the applicability of res judicata to the dismissal of Rohauer's cause of action. See Irving National Bank v. Law, 10 F.2d 721 (2d Cir. 1926).

In relying upon the difference between the particular acts which occasioned Rohauer's raising his claim here and in Iowa, the trial court below adopted an overly mechanistic approach to assessing the identity of causes of action, which is at variance with the established law of res judicata. For example, this Court has recently recognized that a prior judgment which determined the ownership of all copyright interests in the comic-book character Superman was res judicata as to a subsequent action for a declaration of rights in the renewal term of copyright in the character. Siegel v. National Periodical Publications, Inc., 508 F.2d 909 (2d Cir. 1974). Judge Mulligan there carefully noted that the distinction between res judicata and collateral estoppel depended on whether the prior judgment was rendered on the same cause of action as that involved in subsequent litigation. He concluded that res judicata was applicable because the issue as to ownership of the renewal copyright term was comprehended within the prior judgment concerning ownership of all rights in the character. 508 F.2d at 913, n. 1. ^{58/} That certain factual circumstances surrounding the earlier case differed from those in the latter did not affect the determination that the prior

^{58/} The distinction between res judicata and collateral estoppel has been the subject of much examination, see Lawlor v. National Screen Service Corp., 349 U.S. 322 (1954), cited by the trial court (JA 152). Accordingly, Appellants asserted that the action in Iowa barred relitigation here because of res judicata, contending the criteria for that doctrine were met. Appellants recognize that collateral estoppel, which precludes only the relitigation of facts fully determined in a prior adjudication, see Restatement of Judgments § 68 (1942); see also, Scott, "Collateral Estoppel by Judgment," 56 Harv. L.Rev. 1 (1942), does not apply to the facts of the present case.

adjudication of rights in a copyright was res judicata of a subsequent action for adjudication of the same rights. The relationship of the prior judgment to the subsequent action in Siegel is analogous to that in the present situation. Here, as there, the sole issue presented by Rohauer to the trial court is identical to the sole issue in a case previously dismissed against him. Under this Court's ruling in Siegel, the causes of action brought by Rohauer against Killiam and its licensees in Iowa and here are the same for res judicata purposes.

Courts in other jurisdictions have likewise held that successive actions requiring determination of infringement of the same rights in intellectual property constitute the same causes of action for res judicata purposes, even though different infringing acts are alleged in each. In Vanderveer v. Erie Malleable Iron Co., 238 F.2d 510 (3d Cir. 1956), cert. denied, 353 U.S. 937 (1957), the United States Court of Appeals for the Third Circuit held an action for patent infringement barred by a prior determination of non-infringement in a suit for patent royalties. After thoroughly analyzing the requirements for res judicata, Judge Maris said:

The plaintiff's contention that the doctrine of res judicata is not applicable because the two actions involve different periods of time is without merit. The pertinent fact is that the defendant's wheel alleged to infringe was exactly the same type of wheel which was the basis of the plaintiff's claim in the state suit for royalties under the license agreement and the patent involved in each suit was the same. 238 F.2d at 514.

The presence in both cases of a single legal issue concerning rights appurtenant to the same patent made the doctrine of res

judicata applicable to bar the second cause of action. ^{59/}

The United States Court of Appeals for the Seventh Circuit also has held, in the case of Switzer Brothers, Inc. v. Chicago Cardboard Co., 252 F.2d 407 (7th Cir. 1958), that a judgment on the merits in a patent infringement action barred a subsequent action for infringement of the same patent. The facts of that case were strikingly similar to those of the present situation. An earlier case in another jurisdiction, in which infringement of the same patent was alleged, had been dismissed on the merits for failure of the plaintiff to join indispensable parties-plaintiff. ^{60/} The Court found that the earlier judgment was on the merits and therefore barred a subsequent cause of action for infringement of the same patent, although the alleged infringing acts in the jurisdictions differed, according to the principles of res judicata. This presents an almost complete parallel with the instant case: Rohauer has alleged infringement of the same copyright, against defendants who are the same or in privity, in several jurisdictions. A judgment dismissing his complaint on the merits in one case must bar the others.

^{59/} Judge Maris did refer to collateral estoppel as an aspect of res judicata in determining that plaintiff's cause of action was barred by a prior adjudication. However, he distinguished cases in which prior factual determinations barred relitigation of the same facts, to which collateral estoppel applied, from cases in which legal rights had been determined and found to be res judicata of subsequent litigation of the same rights:

Indeed, it will be remembered in this connection that even the determination of a pure question of law is ordinarily treated as res judicata in a later suit between the same parties arising out of the same subject matter if no unjust result will follow. 238 F.2d at 515.

^{60/} At the time of the decision in Switzer Bros., a dismissal for failure to join indispensable parties was a dismissal on the merits under Rule 41(b) of the Federal Rules of Civil Procedure. Although that Rule has been amended, and such a dismissal would not now be

In concluding that Appellants had failed to comprehend the distinction between res judicata and collateral estoppel, and that neither of these doctrines was available to cause a dismissal of the action below, the trial court cited Nickerson v. Kutschera, 295 F. Supp. 1 (D.Del. 1969) (JA 152-54). Appellants contend that the court below itself confused the two principles, and erroneously found Nickerson, a case decided on collateral estoppel grounds, to be a precedent applicable to the claim of res judicata raised here.

In Nickerson, the plaintiff brought successive actions for patent infringement against separate defendants who were not privies. 295 F. Supp. at 2. The patent was held invalid as a result of the first action. The second action was brought in the United States District Court for the District of Delaware, which initially dismissed the action on grounds of collateral estoppel. On remand from the court of appeals, the district court was asked to determine whether there was new evidence sufficient to justify reopening the matter. The district court found no such new evidence, and again ordered dismissal of the complaint on the basis of the collateral estoppel effect of the prior adjudication. Since there was no privity of parties in the two cases, res judicata could not have been available as a basis for the dismissal, see Lawlor, 349 U. S. at 326, and the court's discussion of res

Footnote 60, continued:

on the merits, this change in no way affects the principle for which Switzer Bros. stands: that a judgment on the merits arising from a procedural default is entitled to res judicata effect.

judicata was necessarily dictum. ^{61/} Rohauer's cause of action in this jurisdiction is identical with that in Iowa, and should be barred by res judicata.

Rohauer should not be heard to complain that the application of res judicata in the present instance would work an unfair hardship on him because the particular acts of infringement raised in this action differ from those upon which he based his Iowa complaint. The only issue tried before the district court here is identical with the only issue raised by Rohauer in the complaint dismissed on the merits in Iowa. Rohauer's action in raising this issue in multiple forums, only to refuse to cooperate in the determination of some actions while pursuing others, represents the same highly improper and unnecessarily litigious conduct which this Court criticized in invoking the doctrine of res judicata in Nasser v. Isthmian Lines, 331 F.2d 126 (2d Cir. 1964):

In the light of so sad a history of dilatory conduct, a holding that Nasser may simply ignore his default and the court's order and judgment -- as if they did not exist -- and now raise the same claims that were dismissed by Judge Bryan would be to place a premium on default, carelessness and callousness to duty, and would tend to consign the procedural rules designed for expedition in litigation to oblivion. If this conduct were condoned, litigants or their counsel could turn a deaf ear to the processes of the court with impunity, suffering dismissals only to arise phoenix-like in new actions based on the same allegations which the plaintiff years prior failed to litigate. In a judicial system operating within the framework of rules created "to secure the

^{61/} The court in Nickerson did state that successive actions for infringement of the same patent did not constitute the same cause of action for res judicata purposes. 295 F. Supp. at 4. The fact situation was altogether different from that presented here, however, involving completely unrelated claims of infringement against unrelated defendants. In the instant case, one issue alone was the basis of Rohauer's claim against Killiam and its licensees in all forums.

just, speedy, and inexpensive determination of every action," such a situation is patently intolerable. 331 F.2d at 128.

These words apply with even greater force to one who has sought to litigate a complex and unique question of law in four forums, and so disregarded proper process in one as to bring about the dismissal of such a cause of action with prejudice. Dismissal of the same cause of action, when raised elsewhere, is not only fair. It is necessary to fulfill the purpose of res judicata, as perceived by this Court in Nasser.

CONCLUSION

The trial court erred in concluding that Rohauer's limited renewal copyright interest in the novel The Sons of the Sheik was infringed by exhibition of the classic motion picture The Son of the Sheik, independently created and copyrighted with the unrestricted consent of the author of the novel. This Court should find that exhibition of the motion picture by its lawful copyright proprietor did not infringe any rights claimed by Rohauer, and order the entry of judgment dismissing Rohauer's complaint against Appellants.

Should this Court decline to order judgment for Appellants on the ground that Rohauer owned no rights which were infringed by exhibition of the motion picture, it should nevertheless order entry of judgment dismissing Rohauer's complaint on the ground that Rohauer's own misconduct in relation to the rights of Appellant Killiam, as owner of renewal copyright and licensor of exhibitions of the motion picture, should bar him from recovering according to the equitable doctrine of unclean hands.

Should this Court decline to order judgment for Appellants on either of the two grounds cited above, it should order entry of judgment dismissing Rohauer's complaint on the basis of the res judicata effect of the judgment dismissing his complaint, brought on the identical grounds, in the case of Rohauer v. Eastin-Phelan Corp., No. 72-25-D (S.D. Iowa, Feb. 7, 1974), aff'd, 499 F.2d 120 (8th Cir. 1974).

Respectfully submitted,

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UNITED STATES COURT OF APPEALS
For the Second Circuit

Raymond Rohauer and Cecil W. Hull,
Plaintiffs-Appellees,

against

Killiam Shows, Inc., Paul Killiam, Educational
Broadcasting Corporation, and The Bowery
Savings Bank,
Defendants,
Killiam Shows, Inc., Educational Broadcasting
Corporation,
Defendants-Appellants.

**AFFIDAVIT
OF SERVICE
BY MAIL**

STATE OF NEW YORK,
COUNTY OF NEW YORK, ss.:

Helen D'Esposito, being duly sworn, deposes and says that she
is over the age of 18 years, is not a party to the action, and resides
at 28 Ridge Road, Albertson, New York 11507
That on July 9, 1976, she served three copies of the Brief
and three copies of the Appendix
on

Herbert P. Jacoby
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by depositing the same, properly enclosed in a securely-sealed,
post-paid wrapper, in a Branch Post Office regularly maintained by
the United States Government at 350 Canal Street, Borough of Manhattan,
City of New York, addressed as above shown.

Sworn to before me this
9th day of July, 1976

.....*Helen D'Esposito*.....

Charles J. Esposito

CHARLES J. ESPOSITO
Notary Public, State of New York
No. 30-1132025
Qualified in Nassau County
Commission Expires March 30, 1977